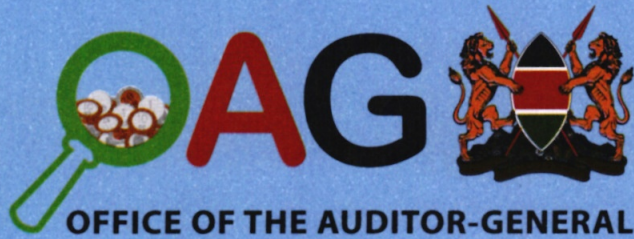


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SIRISIA LEVEL 4 HOSPITAL

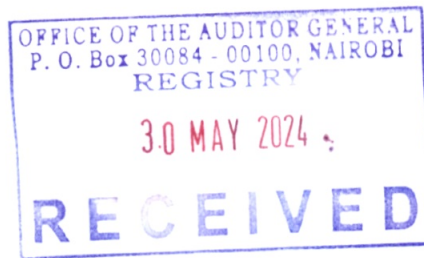
FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF BUNGOMA

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**SIRISIA SUB COUNTY Level 4 HOSPITAL
(Bungoma County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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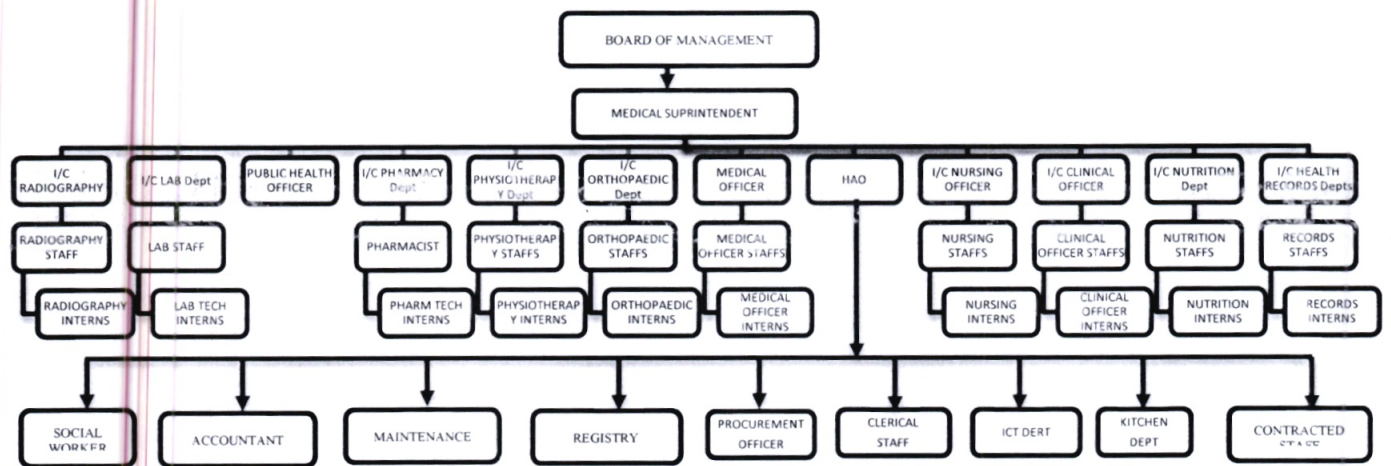
1. Acronyms & Glossary of Terms.

CSR	Corporate Social Responsibility.
OSHA	Occupational Health & Safety Act.
PFMA	Public Financial Management Act.
MED SUP	Medical Superintendent.
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.
EEC	Executive Expenditure Committee.
HMT	Hospital Management Team.

2. Key Hospital Information and Management.

(a) Background information

Sirisia Sub County Hospital is a level (4) hospital established under gazette notice number GK-015021 and is domiciled in Bungoma County under the Health and Sanitation Department. The hospital is governed by a Board of Management and a HMT whose team leaders are the board chairman and the medical superintendent respectively.



(b) Principal Activities

The principal activity of the hospital is to provide comprehensive healthcare services and training to the citizens of Sirisia, Bungoma County and beyond.

Mission:

To be progressive, responsible and sustainable health care facility for accelerated attainment of highest standards of health care services to all.

Vision:

An effective and quality care system that is accessible equitable and affordable for every Kenyan.

Goal:

Attaining equitable, affordable, accessible and quality health care services for all.

Mandate;

- Provision of health services
- Ensure patient satisfaction.
- Technical health assistance to local communities.

Core Values:

- Professionalism
- Ethics

- Integrity
- Transparency and Accountability
- Partnership and Collaboration.

(c) Key Management

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

1. County department of health and sanitation headed by County Executive Committee Member-Health and Sanitation, Chief Officer Health and Sanitation and County Director in charge of health sanitation.
2. Board of Management-there is a board of management appointed by the County Executive Committee Member-Health and Sanitation comprised of 10 members inclusive of the Medical Superintendent as the Secretary.
3. Accounting Officer/ Medical Superintendent-The Accounting Officer of the hospital is the Medical Superintendent.
4. Health Management Team-there is a hospital management team comprising of head of departments drawn from 15 departments in the hospital.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Lukorito Mathias
2.	Health Administrative Officer	Miss. Noel Omoko
3.	Hospital Accountant	Mr. Oscar Juma
4.	Nursing Officer In charge	Mr. Aggrey Anusu
5.	Head of supply chain	Mrs. Judith Wafula
6.	Head of pharmacy	Dr. Olive Timina
7.	Head of laboratory	Mr. John Wanyonyi

• **Fiduciary Oversight Arrangements**

- **Board Quality of care subcommittee:** In charge of overseeing continuous quality improvement at the facility.
- **Board Audit subcommittee-** charged with the oversight of revenue and risk management at the hospital.
- **County Assembly health subcommittee-** they appropriate funds to facilities, they oversee, revenue collection expenditure and implementation.

- **Finance and general purpose subcommittee** charge with responsibility of revenue collection and expenditure with the facility.
- **County Executive** (County Executive Committee Member for Health and Sanitation (CECM) Chief Officer of Health and Sanitation and County Director of Health; they charged with Approval of Budgets, Overseeing of Revenue Collection and Expenditure.
- **County Treasury** - charged with responsibility of financial compliance.
- **Hospital Management Team**- It comprises of the departmental heads in the hospital, who are the major decision makers and approvers of all the hospital are proposed budgets and projects
- **Hospital Executive Expenditure Committee**- Consolidate and prepare the hospital proposed budget.
- **Hospital Infection and Prevention Control Sub-Committee**- ensure proper waste segregation and disposal and prevent spread of disease.
- **Hospital MPDSR Committee (Maternal and Perinatal Death Surveillance Response)** -Advocates policies, planning, service delivery and accountability towards ending preventable maternal and neonatal deaths.
- Facilitates targeted implementation of evidence based interventions to address the underlying causes of maternal deaths.
- **Hospital mortality Audit Committee**- Provides accountability and necessary improvement measures required for patient safety.
- **Hospital Quality Improvement Sub-Committee**- It helps in identifying gaps within the facility by ensuring quality of service through monitoring and evaluation.

(e) **Hospital Headquarters**
Sirisia Sub-County Hospital
P.O Box 121 - 50208
Sirisia
Chwele- Lwakhakha Highway

(f) **Hospital Contacts**
Telephone: (+254) 769239037
E-mail: sirisiastsub-countyhospital@yahoo.com




(g) **Hospital Bankers**
Kenya Commercial Bank
Operational Account-----1102027626
Bungoma Branch

Cooperative Bank
Collection Account-----01141782311100
Bungoma Branch



(h) Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser
County Attorney
County Government of Bungoma
Po Box 437 -50200
Moi Avenue
Bungoma.

3. The Board of Management

Ref	Board of Management	Details
1.	 <p>Mr Zakayo Waliaula.</p>	<p>He is an 80 year old retired ECDE Education Officer. He worked in several schools as a head teacher and later retired at Cheptais Sub –County.</p> <p>He is the Board Chairman of Sirisia sub county hospital among other community roles he holds are a board member at St. Anthony Boys School Sirisia, CDF-NG Sirisia sub county and Chairman Sirisia Township Primary School board.</p>
2.	 <p>Dr. Mathias Lukorito</p>	<p>Holds a Bachelor’s degree in Pharmacy from the University of Nairobi.</p>
3.	 <p>Mr David Masinde Machabe.</p>	<p>He is the Chairman for the Finance And General Purpose Board Sub –Committee.</p> <p>He holds a Diploma In Public Administration from the University of Eldoret and a Certificate In Laboratory Technology.</p> <p>Attended the Kenya Polytechnic in 1981 for his O-Levels and a Class Of 1978 for his Division Four. He has served as an Area Councillor for Namwela Ward in 2002 to 2012, Director Kikai Rural Sacco 1994-2003, and Chairman Board Of Management Binyenya Girls Secondary School 2015-2018.</p>

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4.		<p>Mr Joseph Wenyakha is a 67 Years old from South Kulisiru Malakisi Ward in Sirisia Sub county. He is the Chairman for the Board Audit Sub-Committee. He holds a diploma in Accounting and Finance from the Kenya Institute of management. He has worked in several institutions among them, Caltex Oil (K) Kisumu Deport as a Deport Clerk From 1977 T0 1979,Nzoia Sugar Company as Junior Clerical Officer then later on rose to the Superintendent Of Management Accounting From 1979 to 2015.</p>
5.		<p>Mr Mark Barasa is a 50 year old from Lwandanyi Ward in Sirisia sub county. He is the Chairman for the Quality Assurance And Improvement board subcommittee. He did hid O Level Certificate in 1985 and attained a Division Three, and holds a Diploma In Public Relation from the Industrial Rehabilitation Centre And Certificate In Performing/Fine Arts from IPAL College. He has worked as a Community Peer Educator, Vaccine coordinator in Kulisiru Ward and a Community Health Educator.</p>
6.		<p>Ms Roselyn Papa hails from Lwandanyi Ward in Sirisia Sub county. She attained her O-Level Certificate Division Three in 1985, and holds a Certificate In Quran Studies, Guiding and Counselling. She is the Chairlady for the Muslim Women Association Malakisi Jamia Mosque Lower Western Chapter from 2005 to date and also the Malakisi business community Since 2015 To Date.</p>
7.		<p>Ms Salome Naliaka Namukana A Member of General Purpose And Finance Board Sub Committee. Kenya National Union Of Teachers Treasurer Bungoma West Branch, Head teacher Chemwa Primary School. Chairlady Catholic Women Association Chemwa Sub Parish</p>

Sirisia Level 4 Hospital (Bungoma County Government)
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8.		Ms Mildred Barasa Member of the Board
9.		Deborah Obwona Member of the board
10.		Jane Kusienya Member of the board Sub county administrator – Sirisia Sub county

4. Key Management Team



Dr. Mathias Lukorito- Medical Superintendent.

He holds a bachelor's degree in pharmacy from the University of Nairobi.

Responsibilities:

- Provision of visionary and transformational leadership in the management of the hospital.
- He oversees the implementation of Boards resolutions.
- Ensures prudent management of resources.
- Formulation of long term strategies and business plans participating in various committees in the Institution and overseeing all clinical services.
- He is the Accounting Officer hence a Mandatory signatory to facility account.
- He is the Chairperson to Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



Noel Omoko-Health Administrative Officer

Holds a higher Diploma in Education, from, Catholic University and two health management related certificates; Hospital Management from Strathmore university, Policy and Advocacy in Global Health from university of Washington and a certificate in Communication skills from Safaricom Academy. She has a five years' experience in hospital management and currently pursuing a degree in Health Systems Management.

Responsibilities:

- Coordination of services within the hospital while liaising with fellow team members.
- Estate management in liaison with the public health officer(s).
- Supervision of non-medical staff,
- Offers secretarial duties to various committees.

- Ensures security of staff, patients and hospital property.
- She is the alternate signatory to facility account.
- She is a Secretary to Hospital Management Team (HMT)
- A co-opted member of the board.



Aggrey Anusu-Nursing Officer In charge

Holds a Bachelor of Science degree in nursing from Masinde Muliro University and a diploma in KRCHN from KMTC

Responsibilities:

- Formulation, review and interpretation of the health care policies relating to nursing services.
- Ensuring adherence to Nursing Statutory and regulatory requirements.
- Facilitating development and review of training programs for nurses in the hospital.
- He is also a member of the Hospital Management Team (HMT), facility Executive Expenditure Committee (EEC) and a co-opted member of the board.



Oscar Juma- Hospital Accountant

He holds a Diploma in Information Technology.
Certificate in monitoring and evaluation
K.A.T.C final level.

Responsibilities:

- Coordinating preparation of budgets.
- He is an Alternate signatory to facility account.
- He is also a member of the Hospital Management Team (HMT).
- He is the secretary to the Executive Expenditure Committee (EEC).
- A Co-opted member of the board and finance and general purpose subcommittee.

Martin Makwato- Head of the Health Records and Information.

Holds a diploma in Health Records and Information.



Responsibilities:

- Compile, Organize, maintain and protect confidential medical records.
- Designing health information systems to comply with medical, legal and ethical standards.
- Analyse clinical data for research, processes improvement and reporting.
- Participate in developing facility work and strategic plans and setting performance targets.
- Participating in various committees in the hospital.

Judith Wafula-- Head of Supply Chain department

Holds a diploma in Supply chain management.

Responsibilities:

- Reviewing procurement evaluation reports and provides procurement professional opinion.
- Asset disposal interpretation.
- Implementation and enforcement of the Public Procurement regulations.
- He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).



Dr.Olive Timina –Head of Department Pharmacy

Holds a Bachelor’s degree in Pharmacy.

Responsibilities:

- Ensure quality provision of effective medication services as per the needs of individual patients and hospital as a whole.
- Participating in developing work plans and budgets for the division and setting performance targets.
- She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC)



John Wanyonyi-Laboratory Manager

Responsibilities:

- Coordination of Laboratory services within the facility.
- Participating in developing work plans and budgets for the division and setting performance targets.
- He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).

HOSPITAL MANAGEMENT TEAM

Ref	Management	Details
1.	Dr.Mathias Lukorito	Medical Superintendent/Secretary to the board.
2.	Noel Omoko	Health Administrative Officer
	Aggrey Anusu	Nursing officer in charge
4	Oscar Juma	Hospital Accountant
5	Dr Olive Timina	Head of Pharmacy
6	Mr John Wanyonyi.	Head of Laboratory
7.	Mr David Makas	Head of Maintenance Dept.
8	Mathew Cherop	Head of radiology Dept
10.	Carolyne Kanana	Head of Orthopaedic Dept
11.	Evans Waswa	Head of Physiotherapy Dept
12.	Judith Wafula	Head of supply Chain Dept.
13.	Thomas Sikuku	Head of Public health and sanitation.
14.	Paul Wamalwa	Head of clinical Dept
15	Ruth Weisela	Head of Nutrition

5. Chairman's Statement

The hospital was established in 1948. It was the first health facility to be constructed in Bungoma County by the Government of Finland.

The hospital sits on a 6 hectare piece of land.

The board was appointed in 2018 and served till June 2023.

The board had 3 Sub- Committees.

- i. Procurement, finance, and General Purpose Sub-Committee.
- ii. Audit Sub-Committee
- iii. Quality Assurance Sub-Committee.

In their F/Y 22/23, the board made the following achievements;

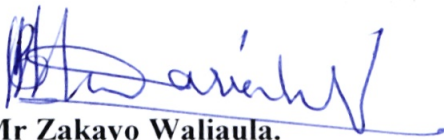
- Started the Dental, Mental, Eye and Radiology unit.
- Started the NHIF in-patient.
- Construction of the visitor waiting bay.
- Planted trees around the hospital.
- Increased the cash collection.
- Increased the number of deliveries.
- Had staff motivation initiatives.

Challenges;

- The backup generator cannot serve the whole hospital.
- Theatre not functional
- Staff shortage across all cadres.
- 100 bed Capacity unit not complete.
- Lack of utility vehicle

Recommendations

- The facility needs more infrastructures- morgue, abortion blocks, and equipment's.
- Need for more human resource.
- Hospital is in entire need of a utility vehicle.



Mr Zakayo Waliula.

Chairman to the Board

6. Report of The Medical Superintendent

Sirisia Sub County Hospital is a facility that offers quality healthcare services within the sub county. There have been lots of transformational changes and improvements in the financial year 2021/2022.

There has been a continuous effort to improve quality through consistent supply of health products and technologies (HPT), timely maintenance and servicing of equipment and staff motivation.

There has been expansion of range of services; the eye unit, dental unit among others.

Despite these milestones, the facility faced some challenges as listed below;

- Acute staff shortage
- Inadequate financial resources
- High poverty levels
- High inflation rates affecting pricing of commodities
- No functional theatre.

Financially, the hospital improved on its revenue collection and this is attributed to the high level of team work among the staff which led to improved quality of service delivery


Dr. Mathias Lukorito

Medical Superintendent/Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Sirisia Sub County Hospital has 6 strategic pillars and objectives within the annual work plan for the FY 2022-2023. These strategic pillars are as follows:

1. To eliminate Communicable Conditions.
2. To halt and reverse the increasing burden of non-communicable conditions.
3. To reduce the burden of violence and injuries.
4. To provide essential health services
5. To minimize exposure to health risk factors
6. To strengthen collaboration with health related sectors:

The objectives are derived from the 6 pillars. 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 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

Pillars of health	Key Issues/Challenges* Relate to access (demand side) to care and/or quality (supply side) of service delivery	Priority interventions to address identified challenges
Eliminate communicable conditions	Staff shortage/Turnover and inadequate number of health workers.	Employ more staff across all cadres, Minimize staff movement, and Maintain Staff duty Rota
	Lack of adequate infrastructure and Equipment	Construct, equip and operationalize more inpatient wards. Complete and operationalize the 100 bed maternal and neonatal hospital Adequate funding by county government to enable expansion of services.
	Stigma/ poor disclosure	Counseling and Psychological support Formation of support groups
	Poor documentation	Ensure proper documentation at service delivery points through training and mentorship program
	Poor health seeking behaviour Immunization coverage still below	Create awareness through health education Strengthen defaulter tracing mechanisms

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	<p>required nationwide immunization target of 95%</p> <p>Commodity stock out</p> <p>Covid-19 pandemic</p> <p>Stigma and poor disclosure</p> <p>Inadequate Human Resource</p>	<p>Proper Forecasting, quantification & resource mobilization</p> <p>Strengthen testing and immunization</p> <p>Counseling and Psychological</p> <p>Advocate employment of more staff</p>
Halt and reverse increasing burden of non-communicable conditions	Lack of awareness	Community sensitization about NCDs and screening
	Poor health seeking behavior	Health Education on availability of health services
	Religious and cultural beliefs and taboos	Health education on behavior change
	Knowledge gap on management of non-communicable conditions among Health Providers	Capacity building of health care providers
	Inadequate Funding for NCDs related activities	Allocate enough funding for activities that help to curb the surge of NCDs
	Inadequate health products and technologies in management and treatment of NCDs	Procurement of health products Technologies and management of NCDs
Reduce the burden of violence & injuries	Inadequate inter-agencies collaboration	Enhance Linkage and collaboration
	Inadequate staffing to run accident and emergency Department	Employ specialized medical personnel/Capacity building of specialized personnel to handle Health Related cases.
	Lack of emergency preparedness Team	Set up and operationalize emergency preparedness Team
	Increased incidences of drug and substance abuse	Establishment of youth Friendly, counseling and rehabilitation center.
	Poor staff attitude	Sensitization of Health Providers
	Poor documentation and reporting	Source and orient staff on the use of violence and injuries reporting tools at facility level

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	Cultural Beliefs	Create Awareness on Human rights and Health Education
	Lack of established GBV unit Lack of a safe house Lack Mental health and rehabilitation center	Construct and operationalize GBV unit Construct a safe house for GBV victims Construct a Mental health and rehabilitation center
Provide essential medical services	Inadequate blood supply/Lack of blood screening services at facility level/county	-sensitization of the community on blood donation -ensure allocation of funds to run the drive (blood donation)
	Inadequate budget allocation for health products and technologies	-increase funding for health products and technologies at facility level
	Delayed payment of Salaries for contractual and casual employees	County government to ensure timely payment of salaries for contractual and casual employees
	Inadequate staffing High rate of staff attrition (exits) without replacement	Advocate for employment of more staff County to put in place a succession management plan
Minimize exposure to health risk factors	Lack of Adherence to quality standards	Performance of Quality checks: Mentorship, External Quality Assessment and Support Supervision
	Drug and substance abuse (High numbers noted among staff.)	Develop health promotion messages Construct a Rehabilitation Center
	Poor segregation of waste	Conduct regular planned CMEs on IPC
	Inadequate protective gears	Procure and ensure proper use of protective gear
	Negative Peer pressure	Intensify Health Education in the Community
	Cultural beliefs	Intensify Health Education in the Community
	Risky sexual behavior (unprotected sex)	Intensify Sex education among the adolescents (School Health Program) Provision of condoms

Strengthen collaboration with health-related sectors	Lack of funding to conduct regular meeting	-resource mobilization
	Knowledge gap on health related issues	-need for sensitization meetings for stakeholders
	Poor feedback mechanism	-strengthen feedback mechanism

8. Corporate Governance Statement

The Hospital Management Committee/ Board met regularly throughout the year as stipulated. There were 4 meetings, held once in a quarter for the entire year.

There was good progress in guiding hospital achieve its objectives through rigorous planning, oversight and advice to the hospital management.

The board members were appointed by County Executive Committee Member for Health and Sanitation and there were clear ways of removing a member, induction and training on roles and functions of board members and there was clear distribution of roles to the various members.

The hospital has charters on service delivery displayed strategically around the hospital.

We also had sub committees;

- Finance committee
- Quality and service delivery committee.
- Audit committee.

9. Management Discussion and Analysis

Clinical Performance

Sirisia Sub County hospital is located along Chwele- Lwakhakha Highway in Sirisia Sub County. It has a catchment population of 28,246 with a bed capacity of thirty one. The facility offers service to residents of sirisia Sub Count, some from Cheptais Sub County and others from the neighbouring country Uganda.

The hospital offers outpatient and inpatient services that include : mental health clinic, Eye services, Physiotherapy services, Ortho Trauma services, minor surgeries, internal medicine, emergency general medical services, pharmacy services, laboratory services, dental, comprehensive HIV care, maternal and child services, family planning, radiology and imaging.

The hospital strives to ensure that the services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advancement. Adherence to clinical guidelines continues to be strengthened to improve patient safety and ensure quality healthcare.

During the FY 2022/2023 the hospital experienced increased numbers of clients seeking services in the facility. This is attributed to constant availability of health products and technologies and the improved efficiency in service delivery.

The major challenges experienced include staff shortage across all cadres, inadequate infrastructure and equipment, lack of functional theatre hence referrals, in adequate funding among others.

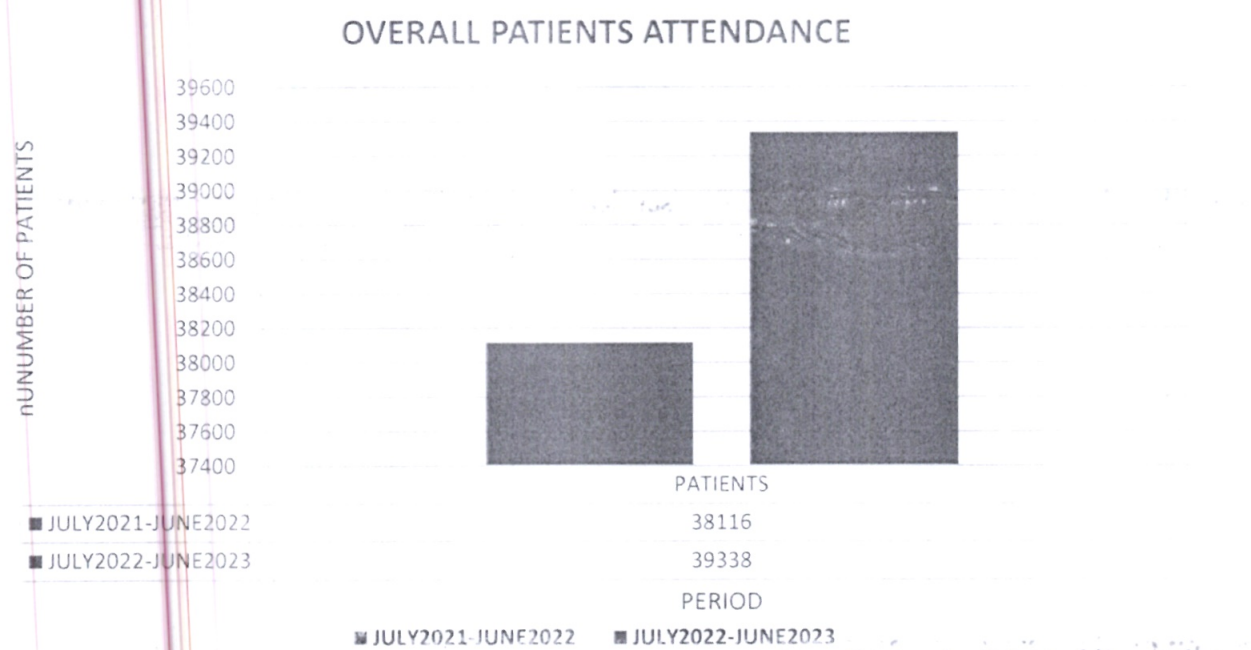
Overall patient attendance

The average patient attendance for the F/Y 22/23 was 39,338 for outpatient and 2,961 for in-patient.

This is an improvement compared to FY 2021/2022. This is attributed to efficiency in service delivery and availability of health products and technologies.

The high number of admissions in the maternity ward is attributed to the free maternity program, an initiative by the National Government to ensure safe delivery for mothers called Linda Mama.

The Hospital’s patient attendance analysis over the last financial year is as depicted in the chart below:

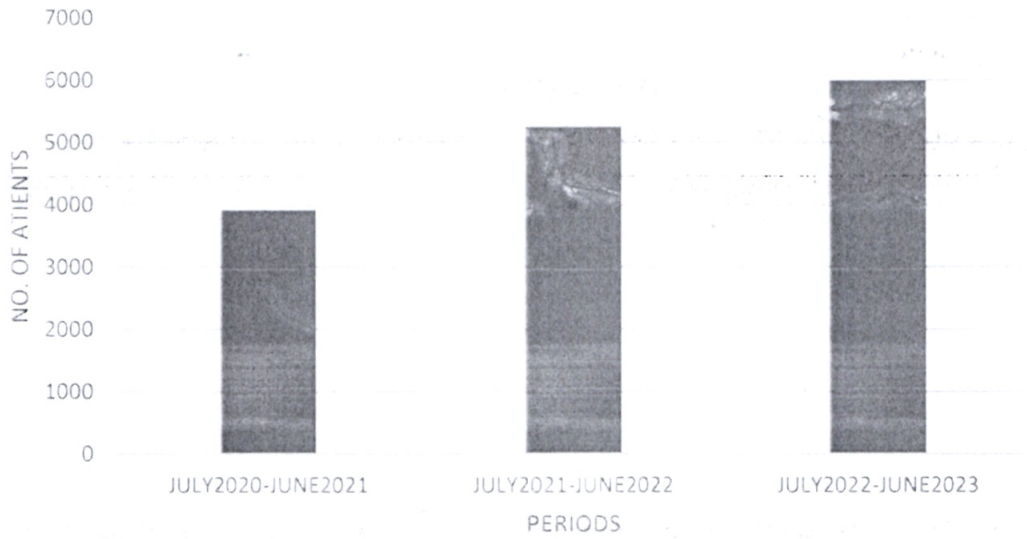


Specialized clinics Attendance

Sirisia Sub County Hospital runs several specialist clinics (MOPC, eye, orthopaedic, CCC/TB and Mental) to review, treat and follow up on patients with various conditions that require the special intervention. The clinics are run throughout the year with specific emphasis on patients’ progress.

The chart below shows patient attendance trend in the major specialty clinics.

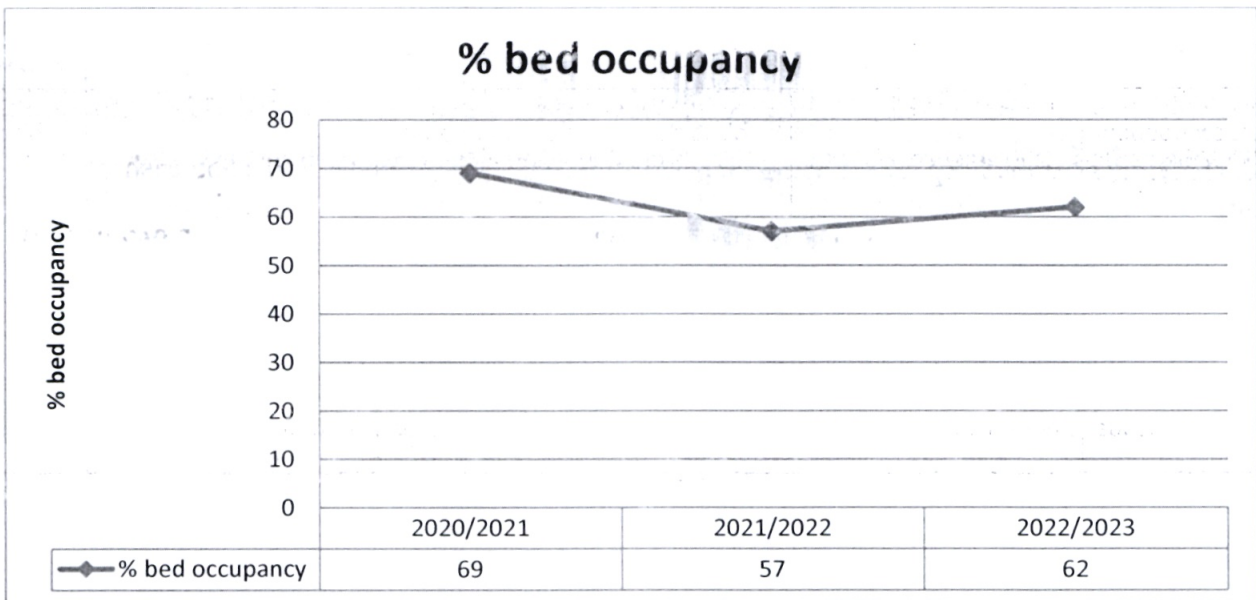
SPECIALISED CLINICS



Bed occupancy rate and average length of stay for in patient

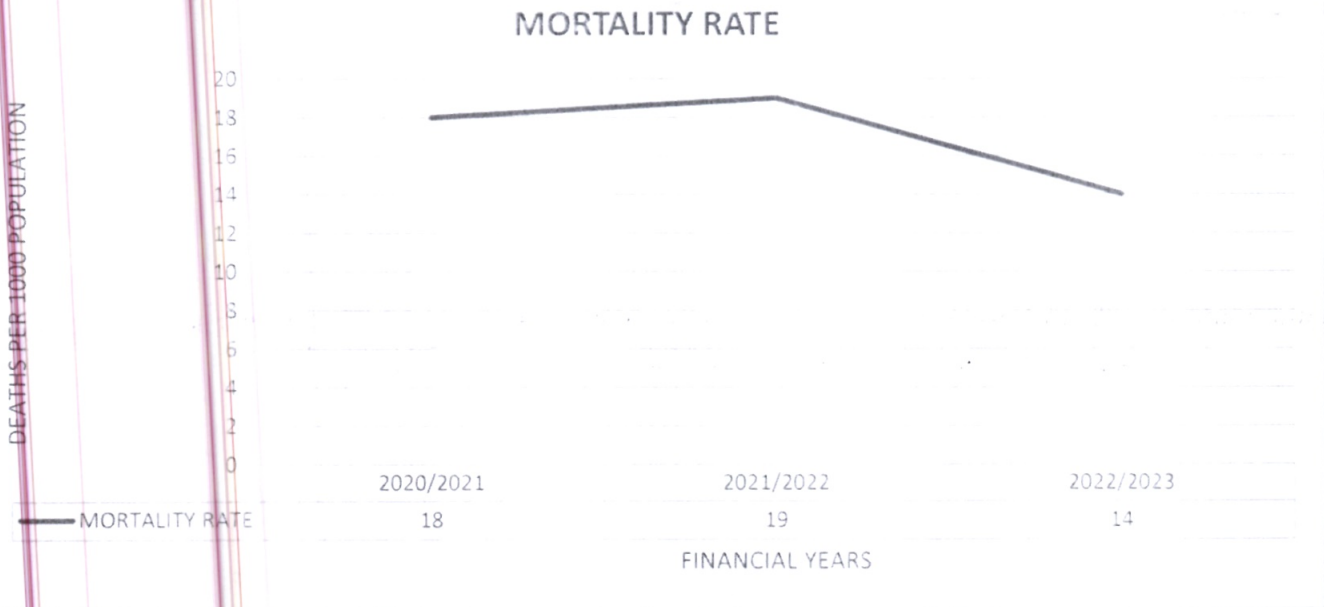
In the year 2022/23 the bed occupancy rate averaged 62% with an average length of stay of 2.4 days for in patients.

The trend is as shown below:



Mortality Rate

During the period under review the death rate averaged 14 per 1000 population. This is attributed to the critically ill patients who seek treatment after the illness has advanced.

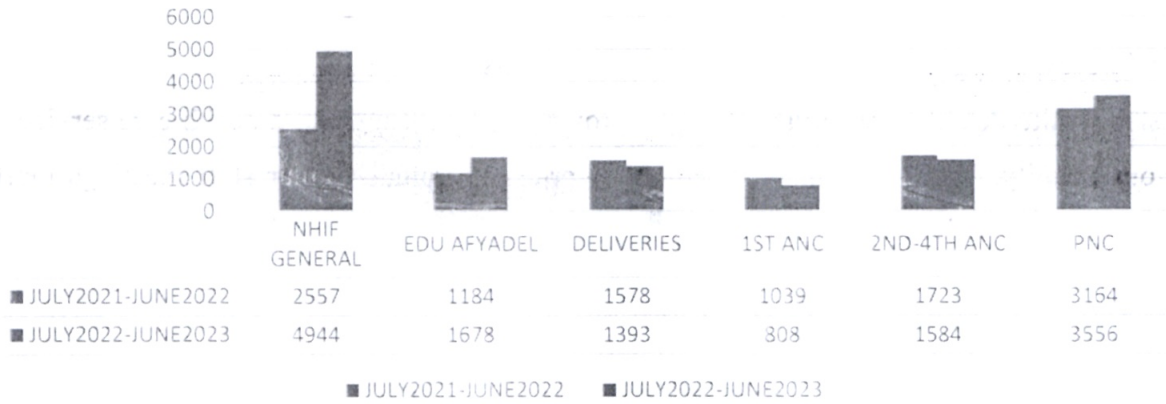


Financial performance that includes: -

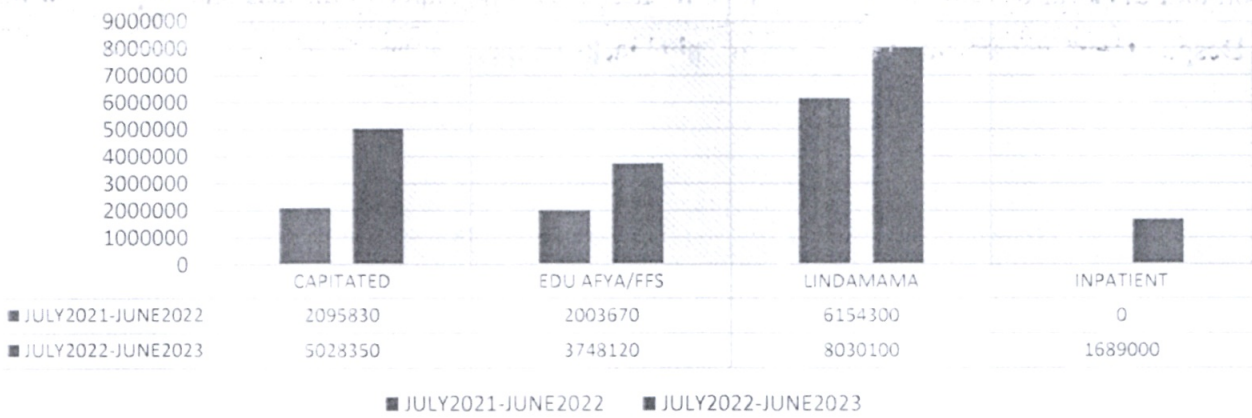
The revenue sources for the hospital are the National Hospital Insurance Fund (NHIF) and cash collection.

The facility managed to collect a total of KShs. 26,062,308.00 cash collection being Kshs 7,062,816.00

NHIF CLIENTS SERVED



EXPECTED NHIF AMOUNT CLAIMED



MEDICAL SUPERINTENDENT
SIRISIA SUB-COUNTY HOSPITAL
30 JUN 2023
 Sign.....
 P. O. BOX 122-50208, SIRISIA

Dr. Lukorito Mathias
Secretary to the Board

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Sirisia Sub-County Hospital exists to transform lives. Its main objective is to provide quality comprehensive quality health care services through provision of patient centred health care services. Our clients are our priority. We aim to improve client experience through regular staff meetings mortality reviews lab clinical data interface, data reviews and also by partnering with various stakeholders to improve service delivery. There are also efforts to increase on service menu to reduce on referrals

ii) Environmental performance

The hospital has an infection prevention committee which is charged with the role of ensuring safe environment for healthcare workers, clients and hospital visitors. There is a clear policy on waste segregation and disposal of medical waste. The committee meets regularly to discuss and implement its findings. Despite the measures put in place, the hospital lacks an incinerator.

iii) Employee welfare

Hiring is normally done by the county Public service Board. It also plays role in promotion and re-designation of the staff. The hospital management role is to conduct staff assessment needs. The hospital management encourages and supports its staff members to train and capacity build in various courses, both technical and professional to improve service delivery. Some of the trainings include Kenya School of Government leadership courses, seminars, Continuous Medical Education.

It also recommends staff for high diploma and masters programmes and other specialization programs. There is an annual staff recognition and reward system whose main role is to reward excellence in performance. The staffs get presents, certificates during the get together.

The facility observes the policy on safety and compliance with occupational and safety health act of 2007 (OSHA).The hospital also observes safety and adherence to HIV Policy on Post Exposure Prophylaxis, testing and treatment for HIV. It also adheres to the guidelines on occupational health and safety.

iv) Market place practices-

The hospital has

a) *Responsible competition practice.*

The hospital management has adopted an anti-corruption crusade messaging and interventions. It only engages in responsible political engagement. As a government hospital it involves in fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners. It adheres to code of ethics guidelines which apply to all staff. The hospital has a disciplinary and advisory committee which handles all corruption cases appropriately.

b) *Responsible Supply chain and supplier relations*

Sirisia Sub County Hospital offers fair competition to all its suppliers. The facility has opened up business to all who qualify as per public procurement and disposal act through prequalification award and payment.

c) *Responsible marketing and advertisement*

As a government hospital and as per ethical guidelines we do not publicly advertise our health services, but through the health promotion and community strategy departments we make our services known to the community.

d) *Product stewardship*

The hospital observes patient rights and interest through offering patient centred care. Patient service charters are available and well displayed clearly outlining services available, timelines and cost.

v) *Corporate Social Responsibility / Community Engagements*

The hospital engaged in a Corporate Social Responsibility activity together with some non-governmental partner's and stakeholders whose aim was to celebrate the men and women from Sirisia sub county who have play a pivotal role in maternal health.

This event was on the 9th of May which is commemorated world-wide as mother's day.

11. Report of The Board of Management

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

Principal activities

The principal activities of the hospital are to provide comprehensive health care services to its clients.

Results

The results of the hospital for the year ended June 30 2023 are set out on pages xv to xviii

Board of Management

The members of the Board who served during the year are shown on page viii to ix. During the year 2022/2023 there was no board member who retired or resigned.

Auditors

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

By Order of the Board

.....
Name

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 163 – Requires the county government to prepare annual financial statement, 164- of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Sirisia Sub County Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. 165 – Requires annual reporting by receivers of revenue. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital. (v) Selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

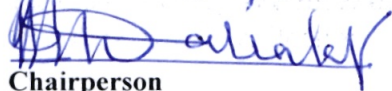
The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (sections 163,164,165). The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2022, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 50/6/2023 and signed on its behalf by:

Name: Mr. Zakayo Waliaula



Chairperson
Board of Management

Name: Dr. Mathias Lukorito



Accounting Officer



REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sirisia Sub-County Level 4 Hospital – County Government of Bungoma set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sirisia Sub-County Level 4 Hospital – County Government of Bungoma as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Bungoma County Health Services Act, 2019.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements submitted for audit contained the following presentation and disclosure errors:

- i. The Board of Management report on page viii has five (5) of the Directors' passport-size photos missing against the requirements by the financial reporting template issued by the Public Sector Accounting Standards Board (PSASB).
- ii. The statement of changes in net assets and the statement of cash flows have not been signed by the Chairman of the Board, Head of Finance and the Medical Superintendent as required by the financial reporting template issued by the Public Sector Accounting Standards Board (PSASB).
- iii. The statement of comparison of budget and actual amounts reflects a debit amount of Kshs.8,997,734 in respect of total income's performance difference which differs with the recomputed debit amount of Kshs.36,129,770 by an unreconciled variance of Kshs.27,132,036.
- iv. The statement of comparison of budget and actual amounts reflects a debit amount of Kshs.28,807,601 in respect of rendering of services-medical service income's performance difference which differs with the recomputed debit amount of Kshs.1,675,565 by an unreconciled variance of Kshs.27,132,036.
- v. The statement of financial performance reflects a comparative balance of Kshs.190,350 in respect to revenue from rent of facilities which, however, differs

with the amount of Kshs.190,000 disclosed in Note 8 to the financial statements by an unexplained and unreconciled variance of Kshs.350.

- vi. The statement of financial performance reflects a comparative balance of Kshs.1,675,480 in respect to board of management expenses which, however, differs with the amount of Kshs.1,675,800 disclosed in Note 11 to the financial statements by an unexplained and unreconciled variance of Kshs.320.
- vii. The statement of financial performance reflects a comparative balance of Kshs.3,622,468 in respect to repairs and maintenance which, however, differs with the amount of Kshs.3,507,968 disclosed in Note 13 to the financial statements by an unexplained and unreconciled variance of Kshs.114,500.
- viii. The statement of financial performance reflects a comparative balance of Kshs.13,861,813 in respect to general expenses which, however, differs with the amount of Kshs.14,915,553 disclosed in Note 14 to the financial statements by an unexplained and unreconciled variance of Kshs.1,053,740.
- ix. Note 14 to the financial statements discloses comparative amounts of Kshs.1,130,740, Kshs.1,048,260, Kshs.318,900 and Kshs.160,000 in respect of general office expenses, travel and accommodation allowance, household items and other fuel, respectively. However, amounts differ with those disclosed in the previous year's financial statements of Kshs.0, Kshs.1,083,960, Kshs.359,500 and Kshs.160,700 by unreconciled and unexplained variances of Kshs.1,130,740, Kshs.35,700, Kshs.40,600 and Kshs.700, respectively.
- x. The statement of cash flows reflects a cash outflow of Kshs.260,666 in respect of net cash flows from operating activities which differs with the cash inflow of Kshs.1,146,009 disclosed in Note 21 to the financial statements by an unexplained and unreconciled variance of Kshs.1,306,675.

In the circumstances, the accuracy and completeness of the various highlighted balances in the financial statements could not be confirmed.

2. Unsupported Balances

2.1. Electricity Expenses

The statement of financial performance reflects an amount of Kshs.11,028,461 in respect of general expenses, which, as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,434,204 in respect of electricity expenses. However, the ledger provided for review reflected an amount of Kshs.1,359,204 resulting into an unreconciled variance of Kshs.75,000.

2.2. Medical Services Income

The statement of financial performance reflects an amount of Kshs.28,807,601 in respect of rendering of services – medical services income which, as disclosed in Note 7 to the

financial statements, includes an amount of Kshs.19,508,491 in respect of other medical services income (National Health Insurance Fund). However, the ledger provided for review indicated an amount of Kshs.18,783,503 resulting to an unexplained variance of Kshs.724,988.

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

3. Undisclosed Revenue

The statement of financial performance reflects an amount of Kshs.28,807,601 in respect of rendering of services – medical services income as disclosed in Note 7 to the financial statements. However, review of the ledger records revealed that an amount of Kshs.2,102,190 was generated as income but was not included in the financial statements.

In the circumstances, the accuracy and completeness of rendering of services – medical services income of Kshs.28,807,601 could not be confirmed.

4. Unsupported Board of Management Expenses

The statement of financial performance reflects an amount of Kshs.672,100 in respect of Board of Management expenses as disclosed in Note 11 to the financial statements. However, the supporting documents such as board minutes, attendance registers, notices for the meetings, payment vouchers, a detailed ledger showing the amount paid to each Board member and information on whether the meetings were full Board or Committee meetings were not provided for review. Further, a discussion with the Hospital's Management revealed that there were no Board meetings held during the year under review.

In the circumstances, the accuracy and completeness of Board of Management expenses of Kshs.672,100 could not be confirmed.

5. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.166,181 which, as disclosed in Notes 16 and 22 to the financial statements, includes a balance of Kshs.85,440 in respect of a balance held in Cooperative Bank. However, the supporting signed bank reconciliation statements and certificate of bank balance were not provided for review.

In the circumstances, the existence, completeness and accuracy of the cash and cash equivalents balance of Kshs.166,181 could not be confirmed.

6. Unsupported Receivables Balance

The statement of financial position reflects a balance of Kshs.1,515,000 in respect of receivables from exchange transactions as disclosed in Note 17 to the financial statements. However, the balance was not supported with a detailed ledger and ageing analysis.

In the circumstances, the accuracy, existence, validity and completeness of the receivables from exchange transactions balance of Kshs.1,515,000 could not be confirmed.

7. Unsupported Inventory Balance

The statement of financial position reflects a balance of Kshs.1,236,748 in respect of inventory balance as disclosed in Note 18 to the financial statements. However, Management did not provide signed stock take reports, Board of Survey report, verified stock sheets as at 30 June, 2023 to support the balance.

In the circumstances, the accuracy, existence and completeness of the reported inventory balance of Kshs.1,236,748 could not be confirmed.

8. Anomalies in the Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.3,384,615 in respect of property, plant and equipment, as disclosed in Note 19 to the financial statements. However, the following unsatisfactory affairs were noted:

- i. ICT equipment amounting to Kshs.3,384,615 had no breakdown as to what constituted the balance.
- ii. Physical verification revealed other assets which included land and buildings, specialized and non-specialized medical equipment, furniture and fittings, ambulance and motor bike where some had been captured in the fixed assets register but had however, not been recognized in the financial statements.
- iii. The fixed assets register provided for review did not indicate the assets' depreciation charges, accumulated depreciation, net book values, useful lives and historical costs.
- iv. A physical verification revealed that the Hospital's Management was constructing a ward with a 100-bed capacity but which had stalled as at the time of the audit in April, 2024. However, an undetermined value of the building was not captured in the fixed assets register and in the financial statements as work in progress resulting to understatement of the property, plant and equipment balance.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,384,615 could not be confirmed.

9. Undisclosed Intangible Assets Balance

The statement of financial position reflects a nil balance in respect of intangible assets. However, perusal of payment vouchers provided revealed that, during the year under review, Management procured and installed a Hospital Management Information System at a cost of Kshs.2,736,000 which was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the nil balance in respect of intangible assets could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 matter 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. Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.27,292,601 in relation to the rendering of services-medical income as disclosed in Note 6 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor-General as per the requirement of Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Unapproved Procurement Plan

Review of the Hospital's procurement systems revealed that the Hospital did not have a procurement plan for the year under review. This is contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer shall

prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

3. Inadequate Staffing

Review of records provided established that the Hospital did not meet the staffing requirements for a Level 4 Hospital as per the Kenya Quality Model for Health Checklist for Level 4 hospitals. The staff shortage is as tabulated below:

S/No.	Category	Recommended by the Kenya Quality Model for Health	In-Post	Deficit	%Deficit
1.	Medical Officers	16	2	14	88
2.	Anesthesiologists	2	1	1	50
3.	Surgeons	2	0	2	100
4.	Gynaecologists	2	0	2	100
5.	Paediatrics	2	0	2	100
6.	Radiologists	2	0	2	100
7.	Kenya Registered Community Health Nurses	75	15	60	80

On aggregate, the Hospital had a staff deficit of 82% towards achieving the quality health model in terms of staffing. Further, the status of the employment contracts for the deployed seven (7) healthcare workers under the Universal Health Coverage (UHC) program could not be established as their contracts are due to end in May, 2024.

In the circumstances, the Hospital's status as a Level 4 hospital was cast in doubt and consideration for downgrading it is recommended.

4. Non-Optimal Equipping Levels at the Hospital

Review of records and physical verification of available equipment and services offered revealed that the hospital had a deficit in all the three compared to the Quality Health Management requirements of a level 4 hospital. These are as tabulated below.

	Item	Recommended by the Kenya Quality Model for Health	In-Place	Deficit	% Deficit
1.	In-patient beds	150	31	119	79
2.	ICU Beds	6	0	6	100
3.	HDU Beds	6	0	6	100
4.	Theatre	2	1	1	50

	Item	Recommended by the Kenya Quality Model for Health	In-Place	Deficit	% Deficit
5.	Newborn units	5	2	3	60
6.	Newborn HDU Cots	5	3	2	40
7.	Resuscitaire	2	1	1	50
8.	Dialysis Machines	5	0	5	100

Further, the Hospital lacked pediatric services, gynecology services and renal services thus limiting the number of services the community could have benefitted from and the hospital to operate at the desired levels anticipated by the Universal Health Coverage for a Level 4 Hospital.

In the circumstances, the Hospital was not operating at the desired levels as anticipated by the Universal Health Coverage under Quality Health Model in terms of optimal equipment and services.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Poor Management of Pharmaceuticals and Non-Pharmaceuticals Stocks

Review of management of pharmaceutical and non-pharmaceutical commodities at the Hospital revealed the stock cards used to issue drugs to various departments in the Hospital did not indicate the batch number and the expiry dates of the drugs. In addition, drugs worth Kshs.17,987 were found to have expired.

In the circumstances, it was not possible to establish whether the issuance of drugs was on a First Expiry First Out (FEFO) basis.

2. Lack of Policy Documents

During the financial year under review, the Hospital did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that the Management lacked a disaster recovery plan/business continuity plan and therefore crucial information may never be recovered in the event of a disaster.

In addition, the Hospital was operating without an approved waiver policy to show proper guidelines and procedures on waiver and therefore the effectiveness and sufficiency of the controls could not be confirmed.

In the circumstances, the Hospital may not achieve its desired objectives where crucial policy documents are non-existent.

3. Ineffective Internal Audit and Audit Committee Function

Review of the Hospital's governance system revealed that it relied on the Internal Audit Unit of the County Executive and did not directly report to the audit committee of the facility but to the audit committee of the county government. Further, although the internal audit department carried out audits in the year under review, it did not submit any audit report on the operations of the Hospital to the Management. This is contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an effective Audit Committee.

In the circumstances, the Hospital could not benefit from the independent assurance over its financial reporting and risk management processes.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 overall 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

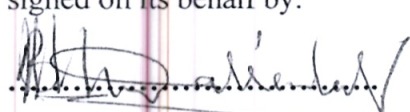
28 June, 2024

Sirisia Sub County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Notes	2022/23	2021/22
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government	6	8,740,369	10,325,849
		8,740,369	10,325,849
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	28,807,601	23,595,270
Revenue from rent of facilities	8	96,800	190,350
Revenue from exchange transactions		28,904,401	23,785,620
Total revenue		37,644,770	34,111,469
Expenses			
Medical/Clinical costs	9	13,364,827	11,870,186
Employee costs	10	7,374,000	7,054,800
Board of Management Expenses	11	672,100	1,675,480
Depreciation and amortization expense	12	766,549	-
Repairs and maintenance	13	3,059,018	3,622,468
General expenses	14	11,028,461	13,861,813
Total expenses		36,264,955	38,084,747
Other gains/(losses)			
Medical services contracts Gains/Losses	15	285,435	-
Gain on foreign exchange transactions			
Total other gains/(losses)		285,435	
Net Surplus for the year		1,094,380	(3,973,278)


The Hospital's financial statements were approved by the Board on 30/06/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:

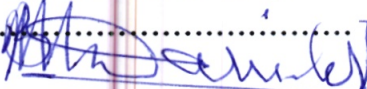

MEDICAL SUPERINTENDENT
SIRISIA SUB COUNTY HOSPITAL
Medical Superintendent
30 JUN 2023
 Sign.....
 P. O. BOX 122-50208, SIRISIA

Sirisia Sub County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

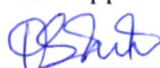
15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022/23	2021/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	166,181	1,778,076
Receivables from exchange transactions	17	1,515,000	1,565,000
Inventories	18	1,236,748	-
Total Current Assets		2,917,929	3,343,076
Non-current assets			
Property, plant, and equipment	19	3,384,615	-
Total Non-current Assets		3,384,615	-
Total assets		6,302,544	3,343,076
Liabilities			
Current liabilities			
Trade and other payables	20	7,252,646	6,780,818
Total Current Liabilities		7,252,646	6,780,818
Total Liabilities		7,252,646	6,780,818
Net assets			
Accumulated surplus/Deficit		(2,343,362)	(3,437,742)
		(2,343,362)	(3,437,742)
Total Net Assets and Liabilities		4,909,284	3,343,076

The Hospital's financial statements were approved by the Board on 30/06/2023 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:


MEDICAL SUPERINTENDENT
SIRISIA SUB COUNTY HOSPITAL
30 JUN 2023
 Sign.....
 P. O. BOX 122-50208, SIRISIA

Sirisia Sub County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

	Accumulated surplus/Deficit	Total
As at July 1, 2021	535,536	535,536
Revaluation gain	-	-
Surplus/(deficit) for the year	(3,973,278)	(3,973,278)
Capital/Development grants		-
As at June 30, 2022	(3,437,742)	(3,437,742)
At July 1, 2022	(3,437,742)	(3,437,742)
Revaluation gain	-	-
Surplus/(deficit) for the year	1,094,380	1,094,380
Capital/Development grants	-	-
At June 30, 2023	(2,343,362)	(2,343,362)

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

Description		2022/23	2021/22
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		27,292,601	22,030,270
Revenue from rent of facilities		96,800	190,350
Total Receipts		27,389,401	22,220,620
Payments			
Medical/Clinical costs		13,041,757	8,599,138
Board of Management Expenses		672,100	1,675,480
Repairs and maintenance		3,059,018	3,622,468
General expenses		10,877,192	7,080,994
Finance costs			
Refunds paid out			
Total Payments		27,650,067	20,978,080
Net cash flows from operating activities	21	(260,666)	1,242,540
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		(1,415,164)	-
Net cash flows used in investing activities		(1,415,164)	-
Net increase/(decrease) in cash and cash equivalents		(1,675,830)	1,242,540
Cash and cash equivalents at 1 July		1,778,076	535,536.00
Cash and cash equivalents at 30 July	22	102,246	1,778,076

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

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						
In kind contributions				8,740,369.00	(8,740,369.00)	#DIV/0!
Rendering of services- Medical Service Income	27,132,036.00		27,132,036.00	28,807,601.05	(28,807,601.05)	106%
Revenue from rent of facilities				96,800.00	(96,800.00)	#DIV/0!
Total income	27,132,036.00	-	27,132,036.00	37,644,770.05	(10,512,734.05)	139%
Expenses						
Medical/Clinical costs	19,639,117.00		19,639,117.00	13,364,827.00	6,274,290.00	68.05
Employee costs	-		-	7,474,800.00	(7,474,800.00)	0
Remuneration of directors	311,953.00		311,953.00	672,100.00	(360,147.00)	215.4491221
Repairs and maintenance	3,233,160.00		3,233,160.00	3,059,018.00	174,142.00	94.61387621
Grants and subsidies	-		-	1,084,709.00	(1,084,709.00)	0
General expenses	3,947,806.00		3,947,806.00	11,028,461.00	(7,080,655.00)	279.356711
Finance costs						

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Total Expenditure	27,132,036.00	-	27,132,036.00	36,683,915.00	(9,551,879.00)	135.2051685
Surplus for the period	-	-	-	960,855.05	(960,855.05)	%
Capital expenditure	-	-	-	960,855.05	(960,855.05)	%

19. Notes to the Financial Statements

1. General Information

The hospital is established by and derives its authority and accountability from PFM Act. The hospital is wholly owned by the Bungoma County Government and is domiciled in Bungoma County in Kenya. The hospital principal activity is to provide comprehensive health care services and training to the citizens of Sirisia, Bungoma County and beyond.

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's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *hospital*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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 Hospital'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 Hospital'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 Hospital 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 Hospital. (b) The key features of the operation of those social benefit schemes;

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Standard	Effective date and impact
	and (c) The impact of such social benefits provided on the Hospital's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023.

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	<i>Applicable 1st January 2025</i>

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Standard	Effective date and impact
	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<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

In the year under review, the hospital didn't adopt any new or amended standards

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

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 2022/2023 was approved by the assembly on 30th May 2022. There were no subsequent revisions or additional appropriations made to the approved budget in accordance with specific approvals from the appropriate authorities. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 14 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.

d. 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 hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the 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.

e. 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.

f. Research and development costs

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

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

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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.

g. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Sirisia level 4 hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another hospital. At initial recognition, Sirisia level 4 hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

Sirisia level 4 hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the hospital's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless a hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, Sirisia Level 4 hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Financial liabilities

Classification

Sirisia level 4 hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h. 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.

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- 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 Hospital.

i. Provisions

Provisions are recognized when Sirisia level 4 Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where Sirisia level 4 Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

j. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. Sirisia level 4 Hospital recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that Sirisia level 4 Hospital will incur in fulfilling the present obligations represented by the liability.

k. Contingent liabilities

Sirisia level 4 Hospital does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

l. Contingent assets

Sirisia level 4 Hospital does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m. Changes in accounting policies and estimates

Sirisia level 4 Hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n. Employee benefits

Retirement benefit plans

Sirisia level 4 Hospital does not provide retirement benefits for its employees and directors.

o. Foreign currency transactions

Sirisia level 4 Hospital does not transact in any foreign currencies.

p. Borrowing costs

Borrowing costs are not capitalized against qualifying assets as part of property, plant and equipment.

q. Related parties

Sirisia level 4 Hospital regards a related party as a person or a hospital with the ability to exert control individually or jointly, or to exercise significant influence over Sirisia level 4

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Hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

r. Service concession arrangements

Sirisia level 4 Hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, Sirisia level 4 Hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Sirisia level 4 Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s. 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.

t. Comparative figures

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

u. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Sirisia level 4 Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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. Sirisia level 4 Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

No provisions were raised.

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Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	2022/23	2021/22
	KShs	KShs
Salaries and wages	7,374,000	7,054,800.00
Pharmaceutical and Non-Pharmaceutical Supplies	1,366,369	3,271,049.00
Total grants in kind	8,740,369	10,325,849.00

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

7. Rendering of Services-Medical Service Income

Description	2022/23	2021/22
	KShs	KShs
Pharmaceuticals	1,809,655	2,113,685.00
Non-Pharmaceuticals	115,810	-
Laboratory	1,234,500	1,418,280.00
Radiology	538,100	56,100.00
Orthopedic and Trauma Technology	291,170	203,740.00
Medical Records	236,070	255,670.00
Accident and Emergency Service	744,160	771,840.00
Medical Examination	72,500	126,750.00
Ear Nose and Throat service, Eye	17,050	300.00
Nutrition service	24,100	28,000.00
Attachment fee	162,800	44,000.00
Dental services	30,400	26,800.00
In-Patient Services	1,654,305	1,910,305.00
Ambulance Services	221,900	128,300.00
Physiotherapy	44,400	53,620.00
Other medical services income (Nhif)	19,508,491	16,457,879.96
Total revenue from the rendering of services	28,807,601	23,595,269.96

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8. Revenue From Rent of Facilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Conference hall hire	96,800	190,000
Total Revenue from rent of facilities	96800	190,000

9. Medical/clinical cost

Description	2022/23	2021/22
	KShs	KShs
Dental costs/ materials		
Laboratory chemicals and reagents	1,376,132	615,300.00
Food and Ration	2,878,125	2,246,870.00
Uniform, clothing, and linen	621,100	799,000.00
Dressing and Non-Pharmaceuticals	2,937,592	1,763,600.00
Pharmaceutical supplies	4,611,335	4,196,718.00
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	805,395	746,959.00
Purchase of Medical gases	33,500	21,500.00
X-Ray/Radiology supplies	101,648	30,600.00
Other medical related clinical costs (Household incentives)		1,449,638.96
Total medical/ clinical costs	13,364,827	11,870,185.96

10. Employee Costs

Description	2022/23	2021/22
	KShs	KShs
Salaries, wages, and allowances	7,374,000	7,054,800.00
Employee costs	7,374,000	7,054,800.00

11. Board of Management Expenses

Description	2022/2023	FY 2021/2022
	Kshs	Kshs
Sitting allowance	672,100	1,675,800
Total	672,100	1,675,800

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12. Depreciation and Amortization Expense

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, plant and equipment	424,549	0
Total depreciation and amortization	424,549	0

13. Repairs And Maintenance

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property- Buildings	748,420	1,755,500
Medical equipment	1,500,368	412,140
Office equipment	0	0
Furniture and fittings	0	404,000
Computers and accessories	416,370	456,970
Motor vehicle expenses	393,860	479,358
Maintenance of civil works	0	0
Total repairs and maintenance	3,059,018	3,507,968

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14. General Expenses

Description	2022/2023	2021/2022
Advertising and publicity expenses	770,476	350,000.00
Catering expenses	1,537,960	1,351,100.00
Insecticides and rodenticides	154,000	115,000.00
Bank charges	72,888	76,940.00
Electricity expenses	1,434,204	1,371,845.00
General office Expenses	1,210,649	1,130,740.00
Travel and accommodation allowance	1,410,040	1,048,260.00
Refined fuels and Lubricants	1,976,270	1,260,000.00
Other fuels (Charcoal, firewood and gas)	183,560	160,000.00
Courier and postal services	10,150	9,450.00
Printing and stationery		132,000.00
FIRE FIGHTING EQUIPMENT		107,000.00
Water and sewerage costs	511,492	147,000.00
Telephone and mobile phone services	230,000	188,000.00
Internet expenses	248,760	92,000.00
Subscriptions to professional bodies	248,500	276,500.00
HouseHold Items	1,029,512	318,900.00
Other General Expenses	-	6,780,818.00
Total General Expenses	11,028,461	14,915,553

15. Medical Services Contracts Gains /Losses

Description	2022/23	2021/22
	KShs	KShs
Waivers and Exemptions	285,435	
Total Gain/Loss	285,435	

16. Cash And Cash Equivalent

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	166,181	1,778,076
Total cash and cash equivalents	166,181	1,778,076

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17. Receivables From Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	K Shs
Medical services receivables	151,5000	1,565,000
Total receivables	1,515,000	1,565,000

18. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	1,164,380	0
Food supplies	72,368	0
Total	1,236,748	0

19. Property, Plant and Equipment

Description	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
At 1 st July 2022	-	-	-	-	-	-	-	-
Additions		1,415,164.00						1,415,164
At 30 th June 2023	-	1,415,164.0	-	-	-	-	-	1,415,164
								-
Depreciation and impairment								-

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Depreciation		424,549.2					424,549
At 30 th June 2023		424,549.2					424,549
							-
Net book values							-
At 30 th June 2021							-
At 30 th June 2022	-	3,384,614.8	-	-	-	-	3,384,614.8

20. Trade and other Payables

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Trade payables	7,252,646	6,780,818
Total trade and other payables	7,252,646	6,780,818

21. Cash Generated from Operations

	2022/23	2021/22
Surplus for the year before tax	KShs	KShs
Adjusted for:	1,094,379.85	(3,973,278.00)
Depreciation	766,549.20	
Increase in inventory	(1,236,748.00)	
Increase in receivables	50,000.00	(1,565,000.00)
Increase in deferred income		
Increase in payables	471,828.00	6,780,818.00
Increase in payments received in advance		
Net cash flow from operating activities	1,146,009.05	1,242,540.00

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22. Detailed Analysis of Cash and Cash Equivalents

Description		2022/2023	FY 2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	110027626	80,741	1,720,056.53
Cooperative bank	'01141782311100'	85,440	58,020.20
Sub- total		166,181	1,778,076.73
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		166,181	1,778,076.73

23. Financial Risk Management

Sirisia level 4 hospital 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 hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

Sirisia level 4 hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with Sirisia level 4 hospital board of management who have built an appropriate liquidity risk management framework for the management of the hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Notes to the Financial Statements (Continued)

(iii) Market risk

Sirisia level 4 hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	7,252,646	6,780,818	00
Borrowings	0	0	0
Net foreign currency asset/(liability)	7,252,646	6,780,818	0

b) Interest rate risk

Sirisia level 4 hospital Interest rate risk is the risk that the hospital's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sirisia Level 4 Hospital (Bungoma County Government)
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Sensitivity analysis

Sirisia level 4 hospital analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv)Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Accumulated surplus/deficit	(2,343,362)	3,437,742
Total funds	(2,343,362)	3,437,742
Total borrowings	0	0
Less: cash and bank balances	166,181	1,778,076
Net debt/ (<i>excess cash and cash equivalents</i>)	166,181	1,778,076
Gearing	7.1%	52%

24. Related Party Balances

Nature of related party relationships

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

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

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

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Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Expenses incurred on behalf of related party		
Payments of salaries and wages for 44 employees	7,374,000	7,054,800
Payments for goods and services for medical drugs and non pharms	1,366,369	3,271,049
Total	8,740,369	10,325,849

25. Events after the Reporting Period

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

26. Ultimate and Holding Hospital

Sirisia level 4 hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Bungoma.

27. Currency

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

Sirisia Level 4 Hospital (Bungoma County Government)
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Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

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

Guidance Notes:

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

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Accounting Officer



Appendix II: Projects Implemented by Siridia level 4 Hospital

Projects

No projects implemented by the hospital

*Sirisia Sub County Hospital (Bungoma County Government)
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