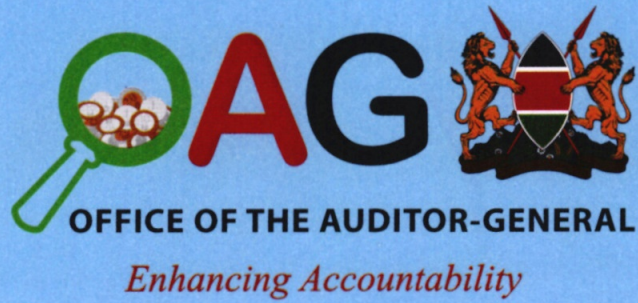


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REPORT

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THE AUDITOR-GENERAL

ON

KALACHA LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MARSABIT



KALACHA LEVEL IV HOSPITAL

(County Government of Marsabit)

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

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

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.

I. Key Hospital Information and Management

(a) Background information

Kalacha sub – county Hospital is a level 4 hospital established under gazette notice number 121 and is domiciled in Marsabit County under the health Department. The hospital is supposed to be governed by a Board of Management., which is yet to be established fully, the process has been initiated and proposed names given to the relevant authorities.

(b) Principal Activities

OBJECTIVE;

To increase the availability, accessibility, and skilled attendance during pregnancy, child birth, and postpartum period to all Kenyans in the hard to reach areas of Kenya.

VISION;

To ensure, efficiency and high quality maternal, neonatal, child health services, that is accessible, equitable affordable to every Kenyan.

MISSION;

To ensure high quality integrated, promotive, preventive, curative and rehabilitative, maternal, neonate, and child health service to all Kenyans.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*hospital management team*)

(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.	Accounting officer (CEO)Medical Superintendent/	BONAYA ADANO
2.	Head of finance	KAME BASHUNA
3.	Head of clinical service	KENNETH MURETHI
4.	Hospital Administrator	BETWEL ROTICH
5.	Nursing officer in charge	JOSEPH LOKIDONGOI

(Include all positions regarded as top management in your hospital).

(e) Fiduciary Oversight Arrangements;

All the head of departs are involved in management of the hospital;

They include:

- Hospital CEO
- Hospital administration
- Head of clinical service
- Head of the nursing service
- Head of radiology
- Head of nutrition
- Head of medical laboratory
- Biomed department
- Community Unit

(f)

[Here, provide a high-level description of the key fiduciary oversight arrangements covering (say)]

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
 - Other oversight committees

Key Hospital Information and Management (continued)

(g) Hospital Headquarters

P.O. Box 342-60500
Marsabit , KENYA

(h) Hospital Contacts

Telephone: (+254) 723585535
E-mail: kalachahospital@gmail.com.
Website: www.go.ke

(i) Hospital Bankers

- Kenya commercial bank
- Equity bank limited

Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way

P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

(k) County Attorney




P.O. Box. 384 0 60500
Marsabit, Kenya

II. The Board of Management

The hospital operated without a board financial the financial year ended 30 June 2023.

Ref	Directors	Details
1.	Director 1	
2.	Director 2	
3.	Director 3	
4.	Director 4/Alternate	
5.	MED SUP	
6.	Hospital Secretary	Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

III. Key Management Team

Ref	Management	Details
1.	Adano Bonaya - Bachelor of Arts in Psychology 	Administration
2.	Joseph Lokidongoi - Bachelor of Nursing 	Supervision
3.	Kame Bashuna - Bachelor of Business Administration (Accounting) 	Accountability
<p><i>(Note: The Med sup and the Hospital Secretary will feature both under the 'Board' and 'Management'.)</i></p>		

IV. Chairman's Statement

One – two pages

(Under this section, the Chairman of the Board of Management will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital). (The report should be signed by the chairman of the governing body.)

There was no board in place during the financial year ended 30 June 2023.

.....

Name

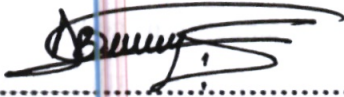
Chairman to the Board

V. Report of The Chief Executive Officer

Kalacha sub -county referral hospital is a public hospital fully funded by county government. In the financial year 2022/2023, given the fact that the prolonged drought affected a number of intended projects, all the government efforts were directed towards drought mitigation to reduce its negative impact on both people and their livestock's therefore, there were no new projects carried out within the hospital in this financial year.

Having said that, the government relentlessly maintained and carried out normal day to day activities of the hospital. In this financial year the cost of sharing fees also shrunk by a big margin as many of our client's charges were either cancelled or waived.

This led to poor financial performance of the hospital within this period. It is clear to us the management, that depending entirely on cost sharing alone, might not be a prudent thing to. There is a thinking in future we might need look beyond the horizon in terms of incoming generating projects for the hospital.



.....
Name - Bonaya Adano

CEO – Kalacha Level IV Hospital

VI. Statement of Performance Against Predetermined Objectives

Kalacha sub county referral hospital, is a government hospital, situated in North Horr sub county, maikona ward, Marsabit county. It is based along the edge of Chalbi desert, 160kms away from marsabit county headquarters. Kalacha hospital is the first hospital of its kind established in North Horr constituency since independence.

The journey of kalacha hospital was one of the most tricking one, it started as a small dispensary, manned by a nurse, a public officer, and 3 support staff.

In 2010 through stimulus package the dispensary was a up graded to model health centre. At that time the health centre increased its services and started outreach services to reach the unreachable.

In 2016 the hospital was once again elevated to a fully-fledged hospital and became the only hospital to have existed since independence. Since then the hospital has grown in different aspects and increased its service points.

Before this hospital was established the community in north horr sub county depended on few health care facilities which are sporadically placed in in vast areas of north horr sub county. Most frequently the community depended on hospital in Marsabit, Meru, Nanyuki and Nairobi for specialise medical care and for emergency, which frequently result in loss of life, especially in the cases of maternal emergencies.

The most daring thing in this process of seeking for health care is the distance from the hard to reach villages and around and within the trading centres. For instance, Marsabit to north horr is 200kms and Marsabit to Meru is about 400kms, this is unimaginable distance for any emergency and worse for mothers in labour complication or emergency. Therefore, looking at this scenario kalacha hospital came has a gift of life safety for the communities within and without this zone. It is the best gift the government has given to its people.

Today the hospital has one of the best equipment's, it has theatre, imaging service, laboratory service it has in patient services, out patients service, nutritional service, outreach service, referral service.

Many life's have been saved, pain of long-distance referrals has been reduced.

At the beginning hospital had 3 nurses, one clinical officer, one public health officer, and 4 support staffs, today it has 40 qualified staffs and 13 support staffs.

As it stands now the hospital has good infrastructure, which includes one general ward, maternity wing, delivery room, operating theatre, x-ray block, laboratory, outpatient block, cancer centre, 10

bed room self contains staff houses, 4 two bed rooms self contains houses, and 7 single rooms houses. There is two generators houses(one temporary), a borehole and one shallow well, a desalinising plant, and one functional Ambulance.

Challenges

- There a number of challenges faced by the hospital, which includes;
- In adequate staffing
- Limited financial availability
- Inadequate infrastructure (Administration Block, morgue, ward, laundry,)
- Although there is lack of inadequate staffs, all our reports are still done manually
- Inadequate power, we are yet to be connected by KPLC among others. ✓

Strategic pillars

Kalacha sub county Referral hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022 FY 2023. These strategic themes are as follows:

- Pillar /theme/issue 1: **Health Service Delivery**
- Pillar/theme/issue 2: **Referral Service Strategy**

Kalacha hospital develops its annual work plans based on the above 2 Themes. Assessment of the management 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 2 strategic themes, as indicated in the diagram below:

kalacha Level IV Hospital (County Government of Marsabit)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Theme 1:Health service delivery	Ensure quality, efficient and affordable health care service to every client,	Outpatient attended 24/7 Immunization coverage Antenatal/postnatal Family planning	-Ensure out is fully covered and patients attended to. -All children are fully covered -All clients are attended to Ensure all client seeking this service are served	Increased in the of outpatients Attendance All under-fives year covered-no Defaulters Increased attendance, hospital deliveries increased All the clients got service in this period.
Theme 1:Referral service strategy	To give timely and most affordable referral service	Timely referral services	All emergency service at attended to within 15-20 minutes stipulated time	All referrals were done within the stipulated time frame.

(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)

VII. Corporate Governance Statement

The absence of the hospital board of management made it difficult to have clear way, but as a hospital. We the staff and management of kalacha hospital remain steadfast in conforming with all laws and regulations of government and Ministry of health in carrying our responsibilities in accordance with code of conduct.

VIII. Management Discussion and Analysis

Kalacha sub hospital is operating fairly well and has always endeavour to give high quality health service to all. Despite a number of challenges the hospital was able to deliver many services to its clients satisfactory. In the financial ending 30th of June 2023, there was only major project, which was a free eye camp carried out by partner called WARDA based in Garisa. During the exercise a total of 612 patients were seen and out of which 119 were operated on and the rest treated for various eye conditions. The estimated cost of camp was at 1.3m;the financial performance of the hospital was generally low due inadequate cost sharing, and government funding.

The risks factors includes handling of out disease outbreak, inadequate staffing, extended shifts, overtime, in adequate financial support, poor staffing, staff attitude.

Clinical/operational performance

- *Bed capacity of the hospital* - 42.
- *Overall patient attendance during the year for both inpatient and outpatient.* - 4535
- *Accident and Emergency attendance* - 96
- *Specialised clinic attendance* -54
- *Average length of stay for in patient.* - 5 DAYS
- *Bed occupancy rate* - 45%
- *Mortality rate* - 0
- *Surgical theatre utilisation (number of operations over a period of time)* - 0
- *Sponsorships and partnerships (outreach) 96 times(twice a week)*

Financial performance that includes: -

- *Revenue sources,*
 - *Cost Sharing Charges*
 - *NHIF*

kalacha Level IV Hospital (County Government of Marsabit)
Annual Report and Financial Statements for The Year Ended 30th June 2023

- AIES
- *Utilisation of funds etc*
- *The Fuds Are Utilized At The Source And As Per Directive Of The Health Management Team And Approved By The Chief Officer Of Health,*

(The management discussion and analysis should be signed by the Chief Executive Officer/Medical Superintendent)



.....
Name Bonaya Adano
Chief Executive Officer

IX. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The hospitals main mandate is to give health care service to all Kenyans at any given time, putting in perspective of affordability, efficiency, timely and quality medical, surgical and referrals services. This is our code mandate. Despite this endeavour there still exist challenges relating to inadequate availability of the existing resources; such as finance, human resources, infrastructure, road network, high illiteracy level within the community within the catchment area of the hospital and the far flunk areas. Sustainability is a big deal due to the above-mentioned factors, especially given the facts that the hospital is situated in a very remote area and some of the villages are situated in places where there are no roads nor connected to networks and the only way to reach them is through special programs such as outreach service. This can only be sustainable by collective effort of the government and partners as it is the practice now.

ii) Environmental performance

In this view the hospital management has put measures on environmental matters in accordance with guidance and policies that give directive on how to handle general waste, clinical waste and hazardous waste. the hospital burning chamber, placenta pit, it has maintained colour coding, segregation of waste at collection points. All expired drugs and other commodities are separated waiting disposal protocols. On the hand the hospital management has maintained the general cleanliness of the hospital environment, panted over 2000 trees which are well maintained and this has created a macro environment within the hospital.

iii) Employee welfare

This is done at department level .

iv) Market place practices- no much around this.

The organisation should outline its efforts to:

a) Responsible competition practice.

The Hospital is a not for profit Hospital and does not engage in competition but seeks to offer medical services to all.

b) Responsible Supply chain and supplier relations

The Hospital has been sourcing for supplies especially from the immediate local community. The suppliers are promptly paid but over time there has been pending bills which have affected service delivery. The Hospital is working with the County department of health to ensure the bills are settled in good time

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

Patients' rights are observed and interest considered while delivering service to the public.

v) Corporate Social Responsibility / Community Engagements

In many occasions the hospital are allowed to go out and give health talks in chief barazas or sometimes the community units level. We support the community health volunteers by allowing them to have their meetings at the hospital and providing them with tea and snacks. They are also give given free service at the hospital,

The hospital has identified 12 destitute persons within kalacha trading centres and they are given free medical services.

50 traditional birth attendance are also listed as the beneficiary of this free medical service at the hospital.

The hospital has made it a routine to that on the 15th of December of every year to have community conversation, evaluation dialogue on service delivery at hospital. In this meeting we discuss the progress of the hospital, outline future plans and also listen to the input of the community members.

X. Report of The Board of Management

During the financial year ended 30 June 2023 the Hospital did not have a board in place.

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 (continue to be)

Results

The results of the Hospital for the year ended June 30 2023 are set out on pages 1 to 77

Board of Management

The Hospital did not have a board during the year ended 30 June 2023.

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

During the Year under ended 30 June 2023. there was no Hospital Board/ Management Committee

.....

Name

Secretary to the Board

(To be signed by the Secretary of the Board)

There was no board during the year.

XI. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of Kalacha Level IV Hospital, which give a true and fair view of the state of affairs of the *Hospital* at the end of the financial year/period and the operating results of the *Hospital* for that year/period. The Board of Management is also required to ensure that the *Hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Kalacha Level IV 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 Kalacha Level IV Hospital financial statements, which give a true and fair view of the state of affairs of the *Hospital* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Hospital*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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


In preparing the financial statements, the Directors have assessed the *Hospital's* ability to affect the sustainability of service for the *Hospital*.

Approval of the financial statements

kalacha Level IV Hospital (County Government of Marsabit)
Annual Report and Financial Statements for The Year Ended 30th June 2023

The Hospital's financial statements were approved by the Board (*management team since there was no board in place during the financial year 2022/2023*) on 30 June 2023 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management


.....
Name:
Accounting Officer (CEO)

XII. Report of the Auditor General

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 KALACHA LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF MARSABIT

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 that the Government achieves value for money and that such funds are applied for the intended purpose
- C. Report on the 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, risk management environment and 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, the Hospital Act 2017 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 Kalacha Level 4 Hospital – County Government of Marsabit set out on pages 1 to 56, which comprise of the statement of the 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 Kalacha Level 4 Hospital as at 30 June, 2023 - County Government of Marsabit and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Marsabit County Health Services Act, 2016 and the Health Act, 2017.

Basis for Qualified Opinion

1. Failure to Disclose In-Kind Revenue

The statement of financial performance reflects in-kind contribution from the County Government amount of Kshs.1,921,001 as disclosed in Note 7 to the financial statements. However, the amount excludes salaries for staff paid by the County Government on behalf of the Hospital.

In the circumstances, the accuracy and completeness of the in-kind contribution from the County Government could not be confirmed.

2. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.468,000 as disclosed in Note 30 to the financial statements. However, the balance was not supported with annual stock take reports.

In the circumstances, the existence, accuracy and completeness of inventories balance of Kshs.468,000 could not be confirmed.

3. Unsupported Expenditure on Casuals

The statement of financial performance reflects employee costs amount of Kshs.150,535 as disclosed in Note 16 relating to wages to casual staff. However, supporting documents and information on how casuals were engaged were not provided.

In the circumstances, the accuracy and completeness of employee costs of Kshs.150,535 could not be confirmed.

4. Non-Disclosure of Property, Plant and Equipment Balance

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospitals records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

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

5. Unconfirmed Revenue from Rendering Services

The statement of financial performance reflects Kshs.1,129,700 in respect of rendering of services – medical services income as disclosed in Note 11 to the financial statements. However, the amount does not include National Health Insurance Fund (NHIF) reimbursements of Kshs.65,700 reflected in the NHIF records resulting to an unexplained variance of Kshs.65,700. Further, the amount of Kshs.1,129,700 was not supported by a detailed listing indicating the dates, names, description of services rendered and amount received.

In the circumstances, the accuracy and completeness of revenue from rendering of services – medical services of Kshs.1,129,700 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The Hospital Management submitted the financial statements for the year ended 30 June, 2023 to the Office of the Auditor-General on 2 November, 2023, more than a month after the statutory deadline of 30 September, 2023. This was contrary to Section 48 (2)(k) of the Public Finance Management Act, 2012 which requires an accounting officer to prepare annual financial statements for each year and submit them for audit within three months after the end of the financial year.

In the circumstances, Management was in breach of law.

2. Lack of an Approved Budget

The statement of financial performance reflects receipts and payments of Kshs.4,883,402 and Kshs.7,247,188.20, respectively. However, no supporting documents were provided for annual estimates prepared and approved by the Hospital's Board or Management Committee. This was contrary to Section 7(i) of the Marsabit County Health Services Act, 2016 which states, *inter alia*, that the Hospital Committee shall be responsible for approving estimates before submission to the County Executive Committee Member of Health.

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

3. Non-Compliance with Universal Health Coverage Requirements

Review of Hospital records, interviews and verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as indicated in the table below;

S/No	Category	Recommended by the Kenya Quality Model for Health	In-Post	Deficit	% Deficit
1.	Medical Officers	16	3	13	81
2.	Anesthesiologists	2	0	2	100
3.	Surgeons	2	0	2	100
4.	Gynecologists	2	0	2	100
5.	Pediatrics	2	0	2	100
6.	Radiologists	2	0	2	100
7.	Kenya Registered Community Health Nurses	75	13	62	83

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

S/No.	Category	Recommended by the Kenya Quality Model for Health	Available	Deficit	% Deficit
1.	Pediatrics Services	1	0	1	100
2.	Renal Services / Dialysis	1	0	1	100
3.	In Patient Beds	150	50	150	70
4.	ICU Beds	6	0	6	100
5.	HDU Beds	6	0	6	100
6.	Dialysis Machines	5	0	5	100
7.	X- Ray Machine	1	1	1	Not functioning

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

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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. Failure to Conduct Internal Audits

Review of the Hospital's governance system revealed that it relied on the Internal Audit Unit of the Marsabit County Executive since it had not established its own unit. However,

during the year under review, the Internal Audit Unit did not carry out any audits on the operations of the Hospital. This is contrary to Regulation 153(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities.

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

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. In the circumstances, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, 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.

In the circumstances, the effectiveness on internal control, risk management and governance could not be confirmed.

3. Lack of an Effective Procurement Unit

During the year under review, the Hospital did not have a procurement unit responsible for overseeing procurement activities. The Hospital procured food and ration, sanitary and cleaning materials, pharmaceuticals and non-pharmaceuticals supplies directly from suppliers without competitive bidding or floating request for quotations. Further, there was no evidence provided to confirm that the supplies were inspected on receipt and subsequently utilized. In addition, the Hospital did not prepare annual procurement plan during the year under review.

In the circumstances, the economy and effectiveness of procurement of goods and services could not be confirmed.

4. Failure to Establish Hospital's Board of Management

During the year under review, the Hospital's Board of Management was not in place. This is against the provisions of Section 5(1) of the Marsabit County Health Services Act, 2016, which requires establishment of Hospital Management Boards and Rural Health Facility Committees whose composition and functions are prescribed in the Act.

In the circumstances, the Hospital will not achieve its strategic objectives.

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 those Charged with Governance

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 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.

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

Because of its inherent limitations, internal 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 Hospital's policies and procedures may deteriorate.

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


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

exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2024

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,832,701.00	2,430,000.00
In-kind contributions from the County Government	7	1,921,001.00	1,626,236.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	1,129,700.00	1,225,050.00
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions			
Total revenue		4,883,402.00	5,281,286.00
Expenses			
Medical/Clinical costs	15	4,221,562.20	2,167,027.00
Employee costs	16	150,535.00	128,000.00
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	405,370.00	534,506.00
Grants and subsidies	20	1,921,001.00	1,626,236.00
General expenses	21	548,720.00	809,299.00
Finance costs	22	-	-
Total expenses		7,247,188.20	5,265,068.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Net Surplus / (Deficit) for the year	(2,363,786.20)	16,218.00
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(The notes set out on pages 10 to 60 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board (*management team since the board was not in place during the financial year 2022/2023*) on 30 June 2023 and signed on its behalf by:

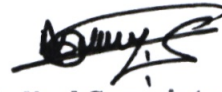
.....
Chairman

Board of Management



Head of Finance

ICPAK No:



**Medical Superintendent/
CEO**

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	51,976.90	42,295.20
Receivables from exchange transactions	28	232,701.00	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	468,000.00	*
Total Current Assets		752,677.90	42,295.20
Non-current assets			
Property, plant, and equipment	31	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets			
Total assets		752,677.90	42,295.20
Liabilities			
Current liabilities			
Trade and other payables	34	3,048,091.70	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		3,048,091.70	-
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41	-	-
Total Non-current liabilities			
Total Liabilities		2,926,700.00	-
Net assets		-2,295,413.80	42,295.20
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		-2,321,491.00	16,218.00

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


Capital Fund		-	-
Reserves		26,077.20	26,077.20
Totals		-2,295,413.80	42,295.20
Total Net Assets and Liabilities		752,677.90	42,295.20

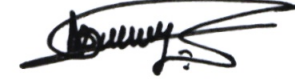
(The notes set out on pages 10 to 60 form an integral part of the Annual Financial Statements.)

- * Inventory was restated from Ksh 25,400 to Nil.
- Payables for prior years introduced in the statement of financial position (leading to excess liabilities over assets).

The Hospital's financial statements were approved by the Board (management team since the board was not in place during the financial year 2022/2023) on 30 June 2023 and signed on its behalf by:

.....
Chairman
Board of Management


Head of Finance
ICPAK No:


**Medical Superintendent/
 CEO**

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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


Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021 (previous year)				
Revaluation gain				
Surplus/(deficit) for the year		16,218.00		16,218.00
Capital/Development grants/Reserves		26,077.20		26,077.20
As at June 30, 2022 (previous year)		42,295.20		42,295.20
				-
At July 1, 2022 (current year)		42,295.20	-	42,295.20
Revaluation gain				-
Surplus/(deficit) for the year		-2,363,786.20		-2,363,786.20
Capital/Development grants				-
At June 30, 2023 (current year)		-2,321,491.00	-	-2,321,491.00


(Note:

1. For items that are not common in the financial statements, the Hospital should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

The Hospital's financial statements were approved by the Board (management team since the board was not in place during the financial year 2022/2023) on 30 June 2023 and signed on its behalf by:

.....
Chairman
Board of Management


Head of Finance
ICPAK No:


**Medical Superintendent/
 CEO**

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	1,600,000.00	2,430,000.00
In-kind contribution from County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Rendering of services- Medical Service Income		-	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>) FIF	11	1,129,700.00	1,225,050.00
Total Receipts		2,729,700.00	3,655,050.00
Payments			
Medical/Clinical costs	15	1,615,393.30	2,167,027.00
Employee costs	16	150,535.00	128,000.00
Board of Management Expenses		-	-
Repairs and maintenance	19	405,370.00	534,506.00
Grants and subsidies		-	-
General expenses	21	548,720.00	809,299.00
Finance costs		-	-
Refunds paid out		-	-
Total Payments		2,720,018.30	3,638,832.00
Net cash flows from operating activities	41	9,681.70	16,218.00
Cash flows from investing activities		-	-
Purchase of property, plant, equipment & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		9,681.70	16,218.00
Cash and cash equivalents as at 1 July	27	42,295.20	26,077.20
Cash and cash equivalents as at 30 June	27	51,976.90	42,295.20

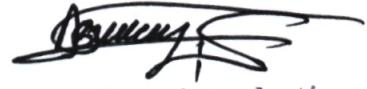
(PSASB has now prescribed the direct method of Cashflows presentation for all entities under the IPSAS Accrual basis of accounting).

Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

The notes set out in pages 10 to 60 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board (management team since the board was not in place during the financial year 2022/2023) on 30 June 2023 and signed on its behalf by:

.....



Chairman
Board of Management

Head of Finance
ICPAK No:

**Medical Superintendent/
CEO**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A Kshs	b Kshs	c=(a+b) Kshs	D Kshs	e=(c-d) Kshs	f=d/c %
Revenue						
Transfers from the County Government (In-kind)	-	-	-	1,921,001.00	-	100%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities - NHIF	-	-	-	1,832,701.00	-	%
Public contributions and donations	-	-	-	-	-	100%
Rendering of services- Medical Service Income	-	-	-	1,129,700.00	-	%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	100%
Total income	-	-	-	4,883,402.00	-	
Expenses						
Medical/Clinical costs	-	-	-	4,221,562.20	-	100%
Employee costs	-	-	-	150,535.00	-	%
Remuneration of directors	-	-	-	-	-	100%
Repairs and maintenance	-	-	-	405,370.00	-	%
Grants and subsidies	-	-	-	1,921,001.00	-	100%
General expenses	-	-	-	548,720.00	-	%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Surplus for the period	-	-	-	-2,363,786.20	-	%
Capital expenditure	-	-	-	-	-	%

**Kalacha Level IV Hospital (Marsabit County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023**

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.):

The revenue , Expenditures and Capital Expenditure was not budgeted for during the year ended 30 June 2023. The management utilized the available resources to keep the Hospital Running and thus budgeting was on available funds.

The notes set out in pages 10 to 60 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board (management team since the board was not in place during the financial year 2022/2023) on 30 June 2023 and signed on its behalf by:

.....
Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent/ CEO

XVIII. Notes to the Financial Statements

1. General Information

Kalacha Level IV Hospital is established by and derives its authority and accountability from the County Government Act 2012 , Marsabit County Health Services Act 2016 and Public Finance Management Act 2012. The Hospital is wholly owned by the Marsabit County Government and is domiciled in Marsabit County in Kenya. The Hospital's principal activity is to provide quality and affordable preventive , promotive, rehabilitative and curative health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an 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><i>(State the impact of the standard to the Hospital if relevant)</i></p> <p>Standard not adopted.</p>
<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> <p>(a) The nature of such social benefits provided by the Hospital.</p>

Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Hospital's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Hospital if relevant)</i></p> <p>Standard not adopted.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Hospital if relevant)</i></p> <p>Standard not adopted.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

Standard	Effective date and impact
	<p><i>State the impact of the standard to the Hospital if relevant</i></p> <p><i>Standard not adopted.</i></p>
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Hospital if relevant</i></p> <p><i>Standard not adopted.</i></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> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Hospital if relevant,</i></p> <p><i>Standard not adopted.</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

- a. Revenue recognition
 - i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) 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 Financial Year 2021/2022 was approved by the management team in the absence of the Board on 30/6/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Hospital upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the *Hospital* recorded no additional appropriations during the Financial Year 2021/2022 budget following the Board's approval. The *Hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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.

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

i. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

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, the 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.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

The 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 an 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, the 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.

Notes to the Financial Statements (Continued)

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 year end.

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

The 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.

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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. The 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

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle

the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Marsabit County Government – NHIF	1,832,701.00				2,430,000
Total	1,832,701.00				2,430,000

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	1,921,001	1,626,236
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills (Electricity expenses)	0	0
Food and Rations	0	0
Total grants in kind	1,921,001	1,626,236

(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)

8. Grants From Donors and Development Partners

Description	2022/2023	2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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

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

9. Transfers From Other Government Entities

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Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital Insurance fund	0	0
Transfer from xxx Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

(Provide brief explanation for this revenue)

10) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	279,700	414,680
Non-Pharmaceuticals	0	0
Laboratory	350,000	400,000
Radiology	420,000	380,000
Orthopedic and Trauma Technology	0	0
Theatre	0	0
Accident and Emergency Service	0	0
Anesthesia Service	0	0
Ear Nose and Throat service	0	0
Nutrition service	0	0
Cancer centre service	0	0
Dental services	80,000	30,370
Reproductive health	0	0
Paediatrics services	0	0
Farewell home services	0	0
Other medical services income(inpatient)	0	0
Total revenue from the rendering of services	1,129,700	1,225,050

(Other medical services fee relates to other charges not listed above and should be specified)

12. Revenue From Rent of Facilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0

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Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	132,060	102,090
Public health activities	0	0
Food and Ration (in kind contribution)	0	0
Food and Ration	3,534,312.20	1,983,744
Uniform, clothing, and linen	0	0
Employee cost	234,300	34,000
Dressing and Non-Pharmaceuticals (KEMSA)	0	0
Pharmaceutical and non-pharmaceuticals/drugs	152,190	21,290
Health information stationery	0	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	168,700	25,903
Purchase of Medical gases	0	0
Other medical gases	0	0
X-Ray/Radiology supplies	0	0
Cancer clinic supplies	0	0
Occupational therapy supplies	0	0
Other medical related costs(motor vehicle fuel)	0	0
Generator fuel/maintenance	0	0
Total medical/ clinical costs	4,221,562.20	2,167,027.00
Adjustments for Cash flow		
Payables accrued in the year	-2,606,168.90	
Balance to Cash flows	1,615,393.30	00

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

Accrued expenses have been factored under food and rations . N/B the payables reported in the year is Ksh 3,048,091.70 but adjustment in Cash flow statement was made for portion of payables accrued in the year.

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	150,535.00	128,000
Contributions to pension schemes		

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Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs (<i>specify</i>) Telephone and airtime		
Employee costs	150,535.00	128,000

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total		

18. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	92,150	204,420
Medical equipment	0	242,850
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories		0
Motor vehicle expenses	277,720	87,236
Maintenance of civil works	35,500	0
Total repairs and maintenance	405,370	534,506

20. Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs

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Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies(<i>UHC transfers</i>)	1,921,001	1,626,236
Total grants and subsidies	1,921,001	1,626,236

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		20,664
General supplies		260,000
Insecticides and rodenticides	42,340.00	
Audit fees		
Bank charges	2,520	1,920
Conferences and delegations(free medical camps)		
Consultancy fees		
Contracted services		
Electricity expenses		51,530
Fuel and Lubricants	276,760	416,795
Insurance		
Research and development expenses		
Travel and accommodation allowance		
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	27,920	58,390
Hire charges		
Rent expenses		
Water and sewerage costs	55,300	0
Skills development levies		
Telephone and mobile phone services	131,050.00	
Internet expenses	12,830	0
Staff training and development		
Subscriptions to professional bodies		

Description	2022/2023	2021/2022
	Kshs	Kshs
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
Total General Expenses	548,720	809,299

22. Finance Costs

Description	2022/2023	2021/2022
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs		

(Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

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

24. Unrealized Gain On Fair Value Investments

Description	2022/2023	2021/2022
	KShs	KShs
Investments at fair value		
Total gain		

25. Medical Services Contracts Gains /Losses

Description	2022/2023	2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF		
Non- Comprehensive contracts care with NHIF		
Linda Mama Program		

Waivers and Exemptions		
Total Gain/Loss		

26. Impairment Loss

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Total impairment loss		

27. Cash And Cash Equivalent

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	51,976.90	42,295.20
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	51,976.90	42,295.20

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1153947048	6,716.20	21,842.20
Equity Bank, etc	1010269997909	42,670.70	19,765.00
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand		2,590	688
Mobile money- Mpesa, money			
Sub- total			
Grand total		51,976.90	42,295.20

28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables(NHIF)	232,701	
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	232,701	

(Hospital to state the expected credit loss rates for various categories of its receivables. The Hospital should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

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

29. Receivables From Non-Exchange Transactions

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

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

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

30. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	468,000	0

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Maintenance supplies	0	0
Food supplies	0	0
Linen and clothing supplies	0	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	468,000	0

The Inventories for year 2021/2022 were restated to Nil owing to lacking support.

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021 (previous year)								
Additions								
Disposals								
Transfers/adjustments								
At 30th Jun 2022								
At 1 July 2022 (current year)								
Additions								
Disposals								
Transfer/adjustments								
At 30th Jun 2023								
Depreciation and impairment								
At 1 July 2021 (previous year)								
Depreciation for the year								
Disposals								
Impairment								
At 30 June 2022								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2022 (current year)								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2023								
Net book values								
At 30 th Jun 2022 (previous)								
At 30 th Jun 2023 (current)								

The Property, Plant and Equipment for the Hospital has not been valued hence the reason for not having reported balances.



Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/2023	2021/2022
	KShs	KShs
Cost		
At beginning of the year		
Additions		
Additions-Internal development		
Disposal		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year		
NBV		

33. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year		
Additions		
Disposals during the year		
Fair value gain		
Depreciation (where investment property is at cost)		
Impairment		
At end of the year		

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Hospital should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	3,048,091.70		0	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	3,048,091.70			
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

Payables are accrued expenses in the current year and the difference was accrued in prior years.

35. Refundable Deposits from Customers/Patients

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

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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

38. Deferred Income

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	000	000
External borrowings during the year	000	000
Domestic borrowings during the year	000	000
Repayments of external borrowings during the year	(000)	(000)
Repayments of domestic borrowings during the year	(000)	(000)
Balance at end of the period	000	000

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

Description	2022/2023	2021/2022
	KShs	KShs
Current Obligation	000	000
Non-Current Obligation	000	000
Total	000	000

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	000	000
Accumulated depreciation to date	(000)	000
Net carrying amount	<u>000</u>	<u>000</u>
Service concession liability at beginning of the year	000	000
Service concession revenue recognized	(000)	(000)
Service concession liability at end of the year	<u>000</u>	<u>000</u>

41. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	000	000
Unemployment social benefit scheme	000	000
Orphaned and vulnerable benefit scheme	000	000
People Living with Disabilities benefit Scheme	000	000
Elderly social benefit scheme	000	000
Bursary social benefits	000	000
Total	000	000
Current social benefits	000	000
Non- current social benefits	000	000
Total (tie to totals above)	000	000

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	2022/2023	2021/2022
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities		

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022 (previous year)				
Receivables from exchange transactions	000	000	000	000
Receivables from –non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	000	000	000	000
At 30 June 2023 (current year)				
Receivables from exchange transactions	000	000	000	000
Receivables from –non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	000	000	000	000

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

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the 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.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	000	000
At 30 June 2023				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	000	000

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the 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.

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	000	000	000
Liabilities			
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	000	000	000
Liabilities			
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022 (previous year)			
Euro	10%	000	000
USD	10%	000	000
2023 (current year)			
Euro	10%	000	000
USD	10%	000	000

b) Interest rate risk

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.

Notes to the Financial Statements (Continued)

Sensitivity analysis

The 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (2023 – KShs xxx).

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	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	000	000
Retained earnings	000	000
Capital reserve	000	000
Total funds	000	000
Total borrowings	000	000
Less: cash and bank balances	(000)	(000)
Net debt/ (excess cash and cash equivalents)	000	000
Gearing	00%	00%

Notes to the Financial Statements (Continued)

44. 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.

xxx 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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	000	000
Sales of services to xxx	000	000
Total	000	000
b) Grants from the Government		
Grants from County Government	000	000
Grants from the National Government Entities	000	000
Donations in kind	000	000
Total	000	000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	000	000
Payments for goods and services for xxx	000	000
Total	000	000
d) Key management compensation		

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Description	2022/2023	2021/2022
	Kshs	Kshs
Directors' emoluments	000	000
Compensation to the medical Sup	000	000
Compensation to key management	000	000
Total	000	000

45. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Hospital to present segmental information of each geographic region or department to enable users understand the Hospital's performance and allocation of resources to different segments).

46. Contingent Liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case xxx against the company	000	000
Bank guarantees in favour of subsidiary	000	000
Total	000	000

There were no legal cases instituted against the Hospital and none carried from prior years.

47. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised For	000	000
Authorised And Contracted For	000	000
Total	000	000

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

48. Events after the Reporting Period

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

49. Ultimate and Holding Hospital

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The Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health with its ultimate parent being the County Government of Marsabit.

50. Currency

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



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Appendix II: Projects Implemented by The Hospital

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Kalacha Level IV Hospital (Marsabit County Government)
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Appendix III: Inter-Hospital Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Hospital]


[Insert Address]

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

Confirmation of amounts received by <i>[Insert name of beneficiary Hospital]</i> as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary Hospital]</i> (KShs) as at 30 th June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary Hospital:

Name Kame Bashuma Sign  Date 01/08/2024

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XIX 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 the for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



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Accounting Officer

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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

