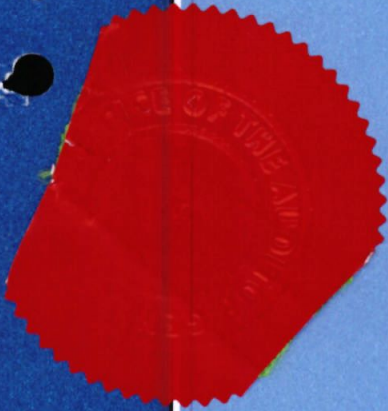
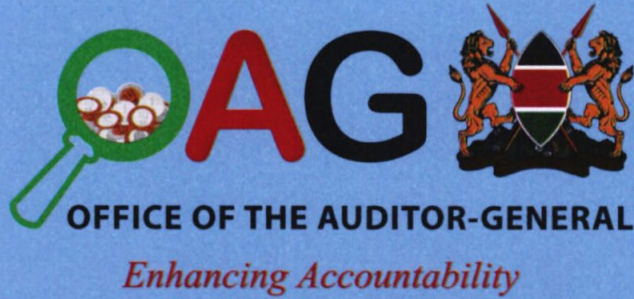


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

BONDO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2024

COUNTY GOVERNMENT OF SIAYA

PAPERS LAID	
DATE	5/3/25
TABLED BY	MJ-L
COMMITTEE	-
CLERK AT THE TABLE	M. K. Kimani



Bondo Level 4 HOSPITAL (Siaya County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

2. Key Entity Information and Management

(a) Background information

Bondo Hospital is a level (4) hospital established under gazette notice number 786 and is domiciled in Siaya County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

We strive to improve Health by providing preventive, promotive, curative Health care by 2030

Mission

To provide quality Health care services that is accessible, affordable while being responsive to community Health needs.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Administrator
- Hospital Accountant

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr Evans Ogoti
2.	Head of finance	Mr. Hezron Opiyo
3.	Administrator	Mrs Hilda Okuthe

(e) Fiduciary Oversight Arrangements

- County Assembly
- Parliamentary committees
- County Assembly health Committee
- County Assembly Finance Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 89-40601
Bondo, KENYA
Bondo Usenge Road. Bondo Town

(g) Entity Contacts

Telephone: (+254) 723616241
E-mail: bondodistricthospital@gmail.com

(h) Entity Bankers

- a) Kenya Commercial Bank
P. O Box 598-40601
Bondo
- b) Cooperative Bank
P.O Box 38-40601
Bondo

(i) Independent Auditors

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

(j) Principal Legal Adviser

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






(k) County Attorney

P.O. Box. 83-40600
SIAYA

3. The Board of Management

Bondo Level 4 Hospital doesn't have a board of management. Currently the Board of Management nominees is before the County Assembly for consideration.

4. Key Management Team

Ref	Management	Details
1.	 DR. Evans Ogoti Medical Superintendent	Medical Superintendent of the hospital and chair of the management team. MBCHB holder. Duties include: <ul style="list-style-type: none"> • Seeing patients for treatment • Overall supervision of the hospital • Chairing of HMT meetings of the hospital
2.	 Mrs. Hilda Okuthe Hospital Administrator	Hospital administrative officer (HAO) and member of HMT Duties include <ul style="list-style-type: none"> • Ensuring effective running of facility daily activities • Developing work and leave schedules for staff • Is the secretary to the HMT
3.	 Mr Hezron Opiyo Accountant BCOM	Hospital accountant and a member of HMT Duties <ul style="list-style-type: none"> • Supervising revenue staff • Budgeting for the facility • Maintain book of accounts for the facility • Control expenditure
4.	 Mr Fredrick Obare Nursing Service Manager (NSM)	Nurse in charge and HMT member Duties <ul style="list-style-type: none"> • Preparing duty rotas for all nursing staff • Preparing end month nursing reports • Supervising the nursing staff
5.	 Dr Felix Tindi Pharmacy In-charge Bachelor of pharmacy	Pharmaceutical technologist and member of HMT Duties <ul style="list-style-type: none"> • Issuing medicine to patients • Managing pharmacy operations • Ordering and receiving medical supplies • Doing stock takes

5. Chairman's Statement

Bondo Level 4 Hospital doesn't have a board of management. Currently the Board of Management nominees is before the County Assembly for consideration.

.....
Name

Chairman to the Board

6. Report of The Medical Superintendent

During the 2023/2024 financial year, Bondo level 4 Hospital had an average performance generally. We were able to maintain our core mandate of provision of curative and rehabilitative services during the year. The following were areas of priority that the hospital focussed on to ensure the delivery of the said services

1. Availability of health product and technologies
2. Sustaining the payment for utilities especially electricity and water
3. Payment of pending bills

Like all other entities, the hospital experienced a myriad of challenges that greatly affected the income and general cash flow to the hospital hence delaying execution of the financial plan.

These include

1. Interruption of service delivery due to the electoral process
2. High cost of living that saw the increase in price of commodity across almost all areas but significantly on food items, electricity and fuels
3. Reduced purchasing power of the patients resulting less revenue from the FIF revenue stream
4. Inadequate human resources – as a service oriented entity, adequate human resources remains an important pillar to the delivery of our services. During this financial year the hospital had severe shortage of personnel cutting across all departments. The worst affected being nursing, clinical officers, medical officers and specialists making it difficult to discharge our mandate of service provision.

These significantly affect the facility since the hospital largely relies on its own revenue generated to facilitate services. This is further compounded by the requirement to surrender 25% of the revenue it generates to the department for running other rural facilities.

Despite all the above challenges, the hospital still managed to improve its revenue generation by almost 24% compared to a similar period the previous year. This was largely possible due to the strengthening of our revenue collection system and better supervision by the various departmental heads that assisted in ensuring better revenue collection at their service delivery point. It shows the potential the hospital has to further improve service delivery once more funds are available

To mitigate on the challenges raised above, the Hospital management team was very responsive and deliberate in decision making to prioritise key spending areas to keep the hospital running. Am grateful for their support and guidance during the financial year.

We hope that more deliberate efforts shall be made to support the operations of the hospital especially in making more funds available through direct funding from the exchequer and allowing the hospital to utilise 100% of their collection. This alone immediately gives the hospital access to almost 18 million additional spending money per year.



.....
Name *DR. UGOTI EVANS*

Secretary to the Board

***Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024***

7. Statement of Performance Against Predetermined Objectives

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

Strategic development objectives *(Adopted from Siaya County)*

The County’s 2018-2022 CIDP has identified 10 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s “Big Four”, NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks. The targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable deaths	To reduce mortality from preventable deaths	No. Completed medical laboratories	1
			No. Completed maternity units	1
			No. Completed general wards	1
			% of Clients counselled and tested for HIV	83%
			% of HIV positive clients linked to care	97%
			% of WRA who know their HIV status	92%
			Percentage of HEI turning HIV positive at 18 months	2%

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

			% of clients with viral load <1000c/ml	93%
			No. of accredited CHVs given feedback	1535
			No. of CHAs sensitized on eye health	24
			No. of half jackets distributed	2200
			No. of CHVs sensitized on NCDs	40
			No. of CHAs trained on community MNH	30
			No. of stakeholders meetings held	2
			No. of HHs reached with COVID19 messages	250,698
			No. of targeted dialogue days held	6
	Improved diagnostic services through completion of maternity wing			
	To provide accessible and appropriate diagnostic and curative services	Reduced disease burden in Siaya County	Blood Bank fenced at SCRH	Completed

8. Corporate Governance Statement

During the year under review the facility did not have an active Board of management this because the term of services of the previous board had expired. In the subsequent year (FY 2024-2025) endeavour to establish the board of management

9. Management Discussion and Analysis

It is my pleasure to present Bondo Level 4 Hospital financial statements for the year ended 30th June 2024. The financial statements present the financial performance of Bondo Level 4 Hospital over the past year.

Clinical/operational performance

○ <i>Bed capacity of the hospital.</i>	<i>118</i>
○ <i>Overall patient attendance during the year for both inpatient and outpatient.</i>	<i>59,110</i>
○ <i>Accident and Emergency attendance</i>	
○ <i>Specialised clinic attendance</i>	<i>19,671</i>
○ <i>Average length of stay for in patient.</i>	<i>5</i>
○ <i>Bed occupancy rate</i>	<i>70%</i>
○ <i>Mortality rate</i>	<i>8%</i>
○ <i>Surgical theatre utilisation (number of operations over a period of time)</i>	<i>1955</i>
○ <i>Sponsorships and partnerships</i>	

The entity's operational and financial performance

The Hospital has seen a growth in revenue trends over the past periods. During the quarter, the facility raised a total of **Kshs. 127,279,674** as revenues. A total of **Kshs. 124,293,608** as incurred as expenditures.

Entity's compliance with statutory requirements

The Hospital is continually carrying out its mandate in line with different regulations guiding its operations.

Major risks facing the entity

The major risk factor facing the Hospital is the lack of liquidity to finance most of its operations. Moreover, this poses a challenge in terms of offsetting its accrued pending bills.

Material arrears in statutory/financial obligations

During the reporting period, the hospital accrued a total of **Ksh. 12,171,304** as pending bills.

*Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Financial performance that includes: -

REVENUE TRENDS				
BONDO SUB COUNTY HOSPITAL REVENUE TRENDS FOR THE LAST FIVE YEARS				
FINANCIAL YEAR	F.I.F	NHIF	LINDA MAMA	TOTAL
2019/2020	14,496,611	9,704,025	13,171,845	37,372,481
2020/2021	22,077,745	6,390,568	6,581,084	35,049,397
2021/2022	39,787,180	13,524,183	17,726,713	71,038,076
2022/2023	51,097,258	15,438,337	22,818,400	89,353,995
2023/2024	57,209,170.75	14,218,500	16,393,385	87,821,056

10. Environmental And Sustainability Reporting

Bondo Sub-County Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i. Sustainability strategy and profile

Bondo Sub-County Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection and sourcing for local service providers.

In consultative planning and budgeting process, the hospital has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The Hospital has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the hospital. These efforts are aimed at boosting the fiscal resource basket of the hospital that is largely supported by the exchequer from the National Government. In the end, the Hospital is also promoting sourcing of services from local providers with an objective of 'buying Siaya building Siaya'. This translates to promoting local goods and services that will ultimately build the local economy. While implementing the above sustainability priorities, there are broad political and macroeconomic trends from the National outlook that are likely to affect their realization. The major macroeconomic trend projected is high cost of inflation in the country. The high inflation rate will affect the cost of living and production cost that will negatively affect the business environment and eventually own source revenue collection. Similarly, the country is also headed in the electioneering period and the political environment interfere with the sustainability priorities. Notwithstanding, the Hospital will align its policies to adjust to the microeconomic conditions and implement succession management plan in the transition period to manage the political environment.

. However, in the course of implementation, there are challenges experienced across departments. They include; effects of covid-19, inadequate staffing, inadequate funding and delays in disbursement of funds

ii. Environmental performance

Bondo Sub-County Hospital is yet to establish an environmental policy however, the Hospital has adopted National laws to guide the public and help in compliance with environmental laws. Some of the environmental and climate change issues experienced include; deforestation in hills, flooding in areas near water bodies, pollution in urban areas, drought and famine, invasive species, loss of biodiversity and change in water levels especially in lake Victoria. To manage these environmental hazards, the county is; **developing policies that will help protect the environment**; investing in woodlots to promote tree planting, establishing designated dumping sites for waste management; promoting irrigation; establishing dykes in flood prone areas; preserving indigenous trees and certain wild animals.

iii. Employee welfare

To improve staff performance, Bondo Sub County Hospital has initiated capacity building programmes to staffs through trainings by Kenya School of Government and partners such as World Bank. Further, the Human Resource department coordinates staff appraisal, performance contracting and propose rewards and sanctions.

The Hospital has complied with Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regular trainings on drug and substance abuse and providing PPEs to staffs in health-related fields.

iv. Market place practices-

The hospital advocates for fairness in service provision, resource allocation, open bidding, evaluation and awarding of tenders to suppliers. All advertisement of tenders and communications are done through the County Government website and official social media platforms. The county has fully embraced the e-procurement system to help in the tendering process. To successful suppliers, the county makes timely payment of goods and services delivered and made efforts of settling pending bills owed to creditors. The County expect quality goods and services despite not having a quality assurance unit to check on standards. Nonetheless, the process of ISO certification is on course.

v. Community Engagements-

Bondo Sub-County Hospital is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various sectors have partnered with NGO's to provide CSR services. In health sector, the county has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements. In agriculture, through partners, farmers have benefitted from free extension services, provision of certified seeds and fertilizers, provision of fingerlings and fishing gears.

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

11. Report of The Board of Management

Section 164 of the Public Finance Management Act, 2012 with the PFM Act, and Health Act, 2017 and County Governments Act, 2012 requires the Board of Management to prepare financial statements in respect of the hospital which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period. (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Bondo sub county 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 Bondo sub county 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 Health Act, 2017 and County Governments Act,2012. The Board members are of the opinion that Bondo sub county hospital 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 *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

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

By Order of the Board

.....

Name

Secretary to the Board

*Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Bondo level hospital, which give a true and fair view of the state of affairs of Bondo Level 4 Hospital at the end of the financial year/period and the operating results of the Bondo level hospital for that year/period. The Board of Management is also required to ensure that the Bondo level hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Bondo level hospital. The council members are also responsible for safeguarding the assets of Bondo level hospital.

The Board of Management is responsible for the preparation and presentation of Bondo level hospital financial statements, which give a true and fair view of the state of affairs of Bondo level hospital for and as at the end of the financial year (period) ended on June 30, 2024. 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 Bondo level 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 Bondo level hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Bondo level 4 Hospital financial statements give a true and fair view of the state of Bondo level hospital transactions during the financial year ended June 30, 2024, and of the Bondo level hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Bondo Level 4 hospital, which have been relied upon in the preparation of Bondo level 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 Fund’s ability to continue as a going

Approval of the financial statements

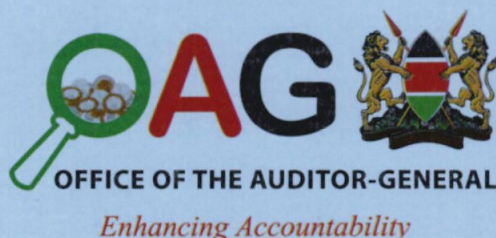
The Hospital’s financial statements were approved by the Board on 20/12/2024 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management


.....
Name: Joe John Lewis
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 BONDO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF SIIAYA

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bondo Level 4 Hospital set out on pages 1 to 72, which comprise of the statement of financial position as at

30 June, 2024 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 Bondo Level 4 Hospital as at 30 June, 2024 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 County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Property, Plant and equipment in the Financial Statements

The statement of financial position reflects property, plant and equipment balance of Kshs.1,428,507, However, review of Hospital records and physical verification revealed various assets including cost of land, buildings and civil works, motor vehicles, furniture, fittings and office equipment, plant medical equipment and capital work in progress 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 property, plant and equipment balance of Kshs.1,428,507 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects revenue budget of Kshs.119,400,000 against actual revenue of Kshs.109,243,813 resulting to under collection of Kshs.10,156,187 or 9% of the approved budget. Further, the Hospital spent Kshs.114,140,698 compared to expenditure budget of Kshs.119,400,000 resulting to under expenditure of Kshs.5,259,302.

The underfunding and under-absorption may have affected the planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, the Management had not resolved the issues as at 30 June, 2024.

Other Information

The Management is responsible for the other information set out on page iii to xx which comprise of the Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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 to the Auditor-General

The financial statements for Bondo Level 4 Hospital were submitted to the Auditor-General on 18 October, 2024, which is 18 days later than the statutory deadline of 30 September, 2024. This is contrary to Section 47(1) of the Public Audit Act, 2015 which provides that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Non-Disclosure of Head of Finance Membership Number

The Institute of Certified Public Accountants of Kenya (ICPAK) membership number for the finance officer who signed the financial statements was not disclosed in the relevant sections of the financial statements. This was contrary to the requirements by the Annual Financial Reporting Template issued by the Public Sectors Accounting Standards Board (PSASB).

The Management was therefore in contravention of the law.

3. Non-Compliance with Kenya Quality Model for Health policy guidelines

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by thirty-seven (37) staff requirements or 37% of the 101 authorized establishment as detailed hereunder:

Staffing Requirement	Level Requirement	4 In Post	Variance
Medical officers	16	7	9
Anesthesiologists	2	0	2
General surgeons	2	1	1
Gynecologists	2	1	1
Pediatricians	2	0	2
Radiologists	2	0	2
Registered community health nurses	75	55	20
Total	101	64	37

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

Services Offered			
Renal Services	Not available		
Equipment & Machines	Level 4 Requirement	Actuals	Variance
Incubators (newborn)	5	4	1
Cots	5	10	-5
Functional ICU beds	6	0	6
HDU beds	6	0	6
Renal unit with dialysis machines	5	0	5
Bed Capacity	150	133	17

These deficiencies contravene the First Schedule of the 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy, Strategic Plan and Disaster Recovery Plan

The Hospital did not have in place a risk management policy, disaster recovery plan and a strategic Plan contrary to Section 158(1) of the Public Finance Management (County

Government Regulations), 2015 which requires each County Government entity to develop risk management strategies and a system of risk management to enable the County to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.

2. Lack of a Fixed Assets Register

The statement of financial position reflects balances of Kshs.1,428,507 in respect to property, plant and equipment as disclosed in Note 31 to the financial statements. However, it was noted that the Hospital does not maintain fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed and Management was in breach of the regulations.

3. Failure to establish a Board of Management

During the year under review, the Hospital had not established a Board of management contrary to Section 12 of Siaya County Health Services Act, 2018. Therefore functions of the board as outlined in the Act which include providing oversight over the administration of the Hospital, promoting the development of the Hospital, approving plans and programs, approving estimates before submission to the Executive Member, supervising and controlling the administration of the funds allocated to the hospital and recommending disciplinary measures and procedures in case of violation of provisions of this Act or any other related laws were not carried out and others carried out by the management team.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital during the year under review could not be confirmed.

4. Inadequate Management of IT Systems and Operations

During the year under review the Hospital did not have an IT strategy committee and IT steering committee. This may result to inadequacy in IT governance, which forms a critical part of the Hospital governance structure. Further, the Hospital did not have disaster management and recovery policies in place including fire suppression systems. In addition, the Hospital did not have business continuity plan and the IT continuity plan including an off-site back-up plan.

In the circumstances, the effectiveness of risk management system at the Hospital could not be confirmed.

5. Equipment Not in Working Condition and Un-Serviced Equipment

Physical verification of assets in the facility revealed that some equipment was not in working condition as they required repairs and servicing as per the attached table:

Equipment Name	Department	Remarks
Portable X-ray unit	Radiology	Run out of batteries
CR	Radiology	Needs software update
Stretcher	Theatre	Faulty bed brakes
2 Baby Incubators	Maternity	Fault caused by power surge
Ultrasonic cleaner 22ltr	Theatre	Unserviceable

6. Lack of Audit Committee and Internal Audit Unit Function

During the financial year under review, the hospital did not have an audit committee in place. In the absence of a functioning audit committee, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an audit committee did not occur which may affect good corporate governance at the hospital. Management had also failed to rely on the internal audit department of the county executive since there was no evidence to show that Internal Audit from the County Executive had audited the entity. This was contrary to Section 155 of the Public Finance Management Act, 2012 and Section 167(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance in the Hospital could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain 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 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy B. Mungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

14. Statement of Financial Performance for The Year Ended 30 June 2024


Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	3,650,000	1,500,000
In-kind contributions from the County Government	7	18,365,562	25,347,600
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
		22,015,562	26,847,600
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	87,228,251	89,353,995
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14		
Revenue from exchange transactions		87,228,251	89,353,995
Total revenue		109,243,813	116,201,595
Expenses			
Medical/Clinical costs	15	40,163,968	41,752,181
Employee costs	16	14,449,896	17,539,200
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	3,999,947	2,472,623
Grants and subsidies	20	4,025,445	9,080,943
General expenses	21	44,466,393	38,052,866
Finance costs	22	4,203	6,567
Total expenses		107,109,852	108,904,379
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

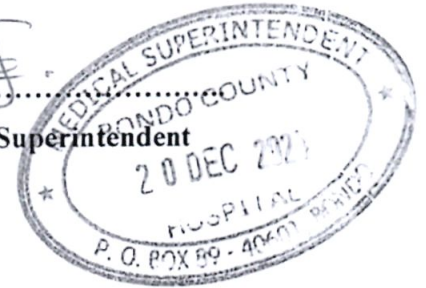
Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25	7,030,846	8,273,561
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)		7,030,846	8,273,561
Net Surplus / (Deficit) for the year		-4,896,886	-976,345

The Hospital's financial statements were approved by the Board on 20/12/2024 and signed on its behalf by:

.....
Chairman
Board of Management


Head of Finance
ICPAK No:


Medical Superintendent



Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

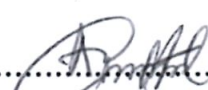
Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	6,299,216	8,649,460
Receivables from exchange transactions	28	2,607,529	12,434,484
Receivables from non-exchange transactions	29		
Inventories	30	7,354,140	926,120
Total Current Assets		16,260,885	22,010,064
Non-current assets			
Property, plant, and equipment	31	1,428,506.90	329,000.00
Intangible assets	32	2,024,535.40	600,000.00
Investment property	33		
Total Non-current Assets		3,453,042.30	929,000.00
Total assets (A)		19,713,927	22,939,064
Liabilities			
Current liabilities			
Trade and other payables	34	12,830,604	11,158,856
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		12,830,604	11,158,856
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 Arrangements	40		


Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

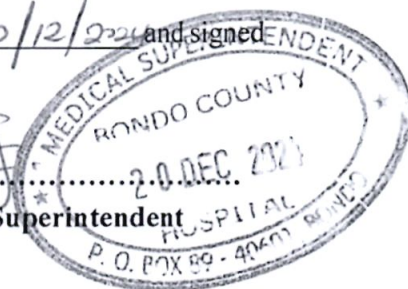
Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Social Benefits	41	-	
Total non-current liabilities			
Total Liabilities (B)		12,830,604	11,158,856
Net assets (A-B)		6,883,322.92	11,780,208.15
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		(4,896,885.63)	(976,345.40)
Capital Fund		11,780,208.15	12,756,553.55
Total NetAssets			
TotalNetAssetsandLiabilities		6,883,322.52	11,780,208.15

The Hospital's financial statements were approved by the Board on 20/12/2024 and signed on its behalf by:

.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent



Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)		12,756,553.55		12,756,553.55
Revaluation gain				
Surplus/(deficit) for the year		-976,345.00		-976,345.00
Capital/Development grants				
As at June 30, 2023 (previous year)		11,780,208.55		11,780,208.55
At July 1, 2023 (current year)		11,780,208.55		11,780,208.55
Revaluation gain				
Surplus/(deficit) for the year		-4,896,885.63		-3,644,780.63
Capital/Development grants				
At June 30, 2024 (current year)		6,883,322.92		8,135,427.92

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,650,000	1,500,000
In- kind contributions from the County Government		18,365,562	25,347,600
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		70,235,736	67,719,830
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)			
Total Receipts		92,251,298	94,567,430
Payments			
Medical/Clinical costs		27,333,364	35,577,944
Employee costs		14,449,896	17,539,200
Board of Management Expenses			
Repairs and maintenance		3,999,947	2,472,623
Grants and subsidies		4,025,445	9,080,943
General expenses		44,466,393	32,668,247
Finance costs		4,203	6,567
Refunds paid out			
Total Payments		94,279,248	97,745,524
Net cash flows from operating activities	42	-2,027,951	-3,178,094
Cash flows from investing activities			
Purchase of property, plant, equipment		3,453,042	929,000
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities		3,453,042	929,000
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		-5,480,993	-4,107,094
Cash and cash equivalents as at 1 July	27	11,780,209	12,756,554
Cash and cash equivalents as at 30 June	27	6,299,216	8,649,460

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government				3,650,000		
Grants from donors and development partners						
In- kind contributions from the County Government				18,365,562		
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	119,400,000		119,400,000	87,228,251	32,171,749	73
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total income	119,400,000		119,400,000	109,243,813	10,156,187	91
Expenses						
Medical/Clinical costs	40,975,000		40,975,000	40,163,968	811,032	98
Employee costs	3,225,800		3,225,800	14,449,896	-11,224,096	-
Remuneration of directors					-	-
Repairs and maintenance	4,120,000		4,120,000	3,999,947	120,053	97
Grants and subsidies	29,850,000		29,850,000	4,025,445	25,824,555	
General expenses	41,157,200		41,157,200	44,466,393	-3,309,193	108
Finance costs	72,000		72,000	4,203	67,797	
Refunds						
Medical services contracts Gains/Losses				7,030,846		
Surplus for the period				-4,896,886	4,896,886	
Capital expenditure	119,400,000		119,400,000	114,140,698	5,259,302	96

19. Notes to the Financial Statements

1. General Information

Bondo Level 4 Hospital is established by and derives its authority and accountability from xxx Act. Bondo Level 4 Hospital is wholly owned by the Siaya County Government and is domiciled in Siaya County in Kenya. The entity's principal activity is to offer high quality and affordable 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 Health Act, 2017 and County Governments Act, 2012 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 2024

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Standard	Effective date and impact:
	cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

We have adopted the standards however in our approach in preparation of the Financial statements the fixed assets and intangible assets are recognised at their cost of acquisition since we still don't have a depreciation policy.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023-2024 was approved by Chief Officer of Health on 5th August, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of xxx on the FY xxx budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Bondo Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024



Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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 entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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 Entity.

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. **Employee benefits**

Retirement benefit plans

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

r. **Foreign currency transactions**

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

s. **Borrowing costs**

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

t. **Related parties**

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)	3,650,000	1,500,000
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies	3,650,000	1,500,000

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Salaries and wages	12,257,600	15,987,600
Medical supplies-Drawings Rights (KEMSA)		-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	6,107,962	9,360,000
Utility bills		
Total grants in kind	18,365,562	25,347,600

8. Grants From Donors and Development Partners

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfer from National Government (Ministry of Health)		
Transfer from xxx National Hospital		
Transfer from xxx Institute		
Total Transfers		

10. Public Contributions and Donations

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships		

10 (a) Reconciliations of amortised grants

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Pharmaceuticals	12,441,613	6,198,838
Non-Pharmaceuticals	1,546,836	11,912,429
Laboratory	8,342,488	9,030,261
Radiology	5,643,805	4,989,378
Orthopedic and Trauma Technology	802,434	349,048
Theatre	2,139,320	2,092,633
Occupational Therapy	12,214	42,750
Ophthalmology	105,595	32,700
NHIF AND UHC	13,671,845	38,256,737
Ear Nose and Throat service		
Outpatient Services	5,760,383	528,010
Physiotherapy	393,309	225,824
Dental services	535,690	653,340
Reproductive health (Linda Mama)	16,347,235	
Inpatient services	2,471,885	502,179
Farewell home services	7,415,836	12,341,879
Medical Records	2,566,917	2,197,989
Other medical services income (<i>waivers</i>)	7,030,846	
Total revenue from the rendering of services	87,228,251	89,353,995

Bondo Level 4 Hospital (Siaya County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Residential property		
Commercial property		
Total Revenue from rent of facilities		

13. Finance /Interest Income

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

14. Miscellaneous Income

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
Total Miscellaneous income		

Bondo Level 4 Hospital (Siaya County Government)
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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Dental costs/ materials	2,831,250	493,438
Laboratory chemicals and reagents	4,501,950	4,092,577
Public health activities		
Food and Ration	9,043,750	12,169,915
Uniform, clothing, and linen	16,000	64,300
Dressing and Non-Pharmaceuticals	9,575,080	4,062,199
Pharmaceutical supplies	7,196,126	16,871,049
Health information stationery		
Rehabilitation materials	276,775	222,500
Sanitary and cleansing Materials	2,325,024	2,023,762
Purchase of Medical gases	1,346,200	1,055,636
X-Ray/Radiology supplies	3,051,813	696,805
Other medical related clinical costs (<i>specify</i>)		
Total medical/ clinical costs	40,163,968	41,752,181

16. Employee Costs

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Salaries, wages, and allowances	14,449,896	17,539,200
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs (<i>specify</i>)		
Employee costs	14,449,896	17,539,200

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. Repairs And Maintenance

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property- Buildings	672,350	919,624
Medical equipment		
Office equipment		
Plant and Machinery	763,393	450,414
Furniture and fittings		
Computers and accessories	2,266,704	243,721
Motor vehicle expenses	297,500	858,864
Maintenance of civil works		
Total repairs and maintenance	3,999,947	2,472,623

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
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>specify</i>)		
Transfers to the County Health IISSF Account	4,025,445	9,080,942.50
Total grants and subsidies	4,025,445	9,080,942.50

21. General Expenses

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges		
Conferences and delegations	436,000	35,000
Institutional appliances	24,000	118,300
Contracted services	2,227,200	1,902,400
Electricity expenses	7,211,688	5,710,621
Fuel and Lubricants	4,779,685	2,601,364
Other fuel (Charcoal and firewood)	474,270	528,760
Research and development expenses		
Travel and accommodation allowance	2,849,600	1,085,700
Legal expenses		
Licenses and permits	160,000	28,022
Courier and postal services		18,905
Printing and stationery	3,959,813	4,531,340
General Office supply	6,369,783	6,309,474
Rent expenses		
Water and sewerage costs	2,620,400	2,185,110

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Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Skills development levies		
Telephone and mobile phone services	234,700	380,994
Internet expenses		
Staff training and development	288,650	1,209,620
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
other creditors	12,830,604	11,407,256
Total General Expenses	44,466,393	38,052,866

22. Finance Costs

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Borrowings (amortized cost) *		
Bank Charges	4,203	6,567
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs	4,203	6,567

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

Description	FY 2023-2024	FY 2022-2023
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Investments at fair value		
Total gain		

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Comprehensive care contracts with NHIF		
Non- Comprehensive contracts care with NHIF		
Linda Mama Program		
Waivers and Exemptions	7,030,846	8,273,561
Total Gain/Loss	7,030,846	8,273,561

26. Impairment Loss

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss		

27. Cash And Cash Equivalentents

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current accounts	6,299,215.62	8,649,459.85
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalentents	6,299,215.62	8,649,459.85

Notes to the Financial Statements (Continued)

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

Description		FY 2023-2024	FY 2022-2023
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1267143932	3,321,328.75	3,813,758.00
Cooperative Bank Of Kenya	01141623352000	2,270,160.00	4,066,273.00
Cooperative Bank Of Kenya	00141623352001	707,726.87	769,428.85
Sub- total		6,299,215.62	8,649,459.85
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(<i>specify</i>)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		6,299,215.62	8,649,459.85

28. Receivables From Exchange Transactions

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Medical services receivables	2,607,529	12,434,484
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	2,607,529	12,434,484

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Analysis of Receivables From Exchange Transactions

Description	FY 2023-2024		FY 2022-2023	
	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total		

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2023-2024		FY 2022-2023	
	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)				

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30. Inventories

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Pharmaceutical supplies	7,354,140	926,120
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	7,354,140	926,120

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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 2022					1,288,506.9			
Additions								
Disposals								
Transfers/adjustments								
At 30th Jun 2022					1,288,506.9			
At 1 July 2022					1,288,506.9			
Additions								
Disposals								
Transfer/adjustments								
At 30th Jun 2023					1,288,506.9			
Depreciation and impairment								
At 1 July 2023					1,288,506.9			
Additions				140,000				
Depreciation for the year								
Disposals								
Impairment								

Bondo Level 4 Hospital (Siaya County Government)

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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 30 June 2024				140,000	1,288,506.9			
At July 2024 (current year)								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2024				140,000	1,288,506.9			1,428,506.90
Net book values				140,000	1,288,506.9			1,428,506.90
At 30 th Jun 2024				140,000	1,288,506.9			1,428,506.90
At 30 th Jun 20XX (current)								

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	1,842,241.40	1,242,241.40
Additions		600,000.00
Additions-Internal development		
Disposal		
At end of the year June 2023	1,842,241.40	1,842,241.40
Amortization and impairment		
At beginning of the year		
Additions	182.294	
Additions-Internal development		
Disposal		
At end of the year	2,024,535.40	1,842,241.40
NBV	2,024,535.40	1,842,241.40

33. Investment Property

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
At beginning of the year		
Additions		
Disposals during the year		
Fair value gain		
Depreciation (<i>where investment property is at cost</i>)		
Impairment		
At end of the year		

Bondo Level 4 Hospital (Siaya County Government)
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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Trade payables	12,830,604		11,158,856	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	12,171,304		11,158,856	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	12,830,604		11,158,856	
1-2 years				
2-3 years				
Over 3 years				
Total				

35. Refundable Deposits from Customers/Patients

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (specify)				
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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

38. Deferred Income

Description	FY 2023-2024	FY 2022-2023
	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 donation	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	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period		

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current Obligation		
Non-Current Obligation		
Total		

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

41. Social Benefits

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with Disabilities benefit Scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Surplus for the year before tax	-4,896,886	4,408,273
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	7,354,140	926,120
Increase in receivables	2,607,529	12,434,484
Increase in deferred income		
Increase in payables	12,830,604	5,774,237
Increase in payments received in advance		
Net cash flow from operating activities		

Notes to the Financial Statements (Continued)

43. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital'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 hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	12,434,484			
Receivables from –non-exchange transactions				
Bank balances				
Total	12,434,484			
At 30 June 2024(current year)				
Receivables from exchange transactions	2,607,529			
Receivables from –non-exchange transactions				
Bank balances				
Total	2,607,529			

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 hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from National Health Insurance Fund. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the hospital 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 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro			
USD			
20XX (current year)			
Euro			
USD			

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iii) Capital Risk Management

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

Siaya 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 entity, both domestic and external. The related parties include:

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx		
Sales of services to xxx		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		

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Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

47. Capital Commitments

Capital Commitments	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

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48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

Bondo level 4 Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Siaya.

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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20. 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)
	The Statement of Financial Position Contain Inaccuracies Total net assets and liabilities balance of Kshs. 22,939,067 includes accumulated surplus of Kshs. 4,408,276. However, the statement of changes in net assets reflects accumulated surplus of Kshs. 17,164,829.85 resulting in unreconciled variance of Kshs. 12,756,553.55.	<i>We note your findings and wish to state that the net assets reported as per the financial performance is Kshs. 4,408,276 the same has also been reported in statement in change of net assets. Attached please find an extract of financial statements</i>	Awaiting Senate report	
	The Statement of Cash Flows Contain Inaccuracies (i) Increase in payables of Kshs. 5,774,237 is at variance with the recomputed amount of Kshs. 112,307 resulting in an unexplained and unreconciled variance of Kshs. 5,661,930	<i>We note your observation however we wish to state that the template for Financial year 2021-2022 was erroneously used to prepare cash flow statement for F/y 2022-2023. We further wish to state that the Cash flow balance reported in the Financial year remains the same and reconciles with cash and cash equivalent.</i>	Awaiting Senate report	

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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)
	<p>(ii) Increase in inventory of (Kshs. 926,120) is at variance with the recomputed amount of Kshs. 7,197,410 resulting in an unreconciled and unexplained variance of Kshs. 8,123,530.</p> <p>(iii) Increase in account receivables, waivers of (Kshs. 8,273,561) is not supported with a disclosure Note.</p>			
	<p>Management of NHIF Claims 2.1. Unreconciled Variances in the Payments Received from National Health Insurance Fund</p> <p>The statement of financial performance reflects rendering of services – medical services income of Kshs. 89,353,995 which includes transfers from National Health Insurance Fund of Kshs. 17,978,703. However, review of claims data on the NHIF portal revealed that Kshs. 17,908,700 was paid to the Hospital</p>	<p><i>The Bank statements are the verifiable documents used by the hospital to receive NHIF claims into the cash book for accurate reporting.</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>in the financial year under review resulting in a variance of Kshs. 70,003. Further, collaborative data from National Health Insurance Fund indicates that Kshs. 18,875,848 for claims and Kshs. 1,978,200 for capitation all totaling Kshs. 20,854,048 were disbursed to Bondo Sub-County Hospital during the year under review resulting in a variance of Kshs. 2,875,345 with the figure reported in the financial statement.</p> <p>In the circumstances, the accuracy of rendering of services- income medical services income of Kshs. 17,978,703 could not be confirmed.</p>			
	<p>Variations in Receivables from Exchange Transactions</p> <p>The statement of financial position reflects receivables from exchange transactions of Kshs. 12,434,484 as disclosed in Note 28 to the financial statements. The amount relates to dues from National Health Insurance</p>	<p><i>The Bank statements are the verifiable documents used by the hospital to receive NHIF claims into the cash book for accurate reporting, the management will do a follow up from NHIF of the paid and unpaid claims to reconcile the variances. However, during the period under review the total NHIF claim was Ksh.38, 256.737 against the actual income from NHIF</i></p>		

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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)
	<p>Fund (NHIF). However, review of collaborative data from NHIF revealed that NHIF had not paid inpatient claims of Kshs. 19,280,578 and outpatient claims of Kshs. 15,870,569 due to Bondo Sub-County Hospital all totalling Kshs. 35,151,147 as at the close of the year in 30 June, 2023 resulting in an unexplained and unreconciled variance of Kshs. 22,716,663.</p> <p>In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs. 12,434,484 could not be confirmed.</p>	<p><i>amounting to Ksh. 25,822,253 and thus receivable of Ksh. 12,434,484.</i></p>		
	<p>Inaccuracies in Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs. 329,000 while Note 31 to the financial statements reflects a balance of Kshs. 1,617,507 resulting in an unexplained</p>	<p><i>We note your finding and wish to state that, PPE balance of ksh 329,000 disclosed in the statement of Financial Position relates to the period under audit review. The unexplained and unreconciled variance of ksh 1,288,507 relates to the previous year. However, movable and non-movable assets inherited from National Government are still in the process of being transferred</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>and unreconciled variance of Kshs. 1,288,507. Further, the balance excludes movable and non-movable assets of undetermined value relating to land, buildings, motor vehicles and equipment under their possession which were not disclosed and the balance was not depreciated. In addition, the fixed asset register provided for review did not comply with the National Treasury template. The register lacked critical information as prescribed by the template.</p> <p>In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Kshs. 329,000 could not be confirmed</p>	<p><i>and, the Intergovernmental Technical Relation Committee Report on Property, Plant and Equipment is yet to be finalized. The County is yet to develop a Depreciation Policy for Property, Plant and Equipment note that IPSAS 33, allows for a transition period of 3 years to prepare policy documents and also to confirm values to be carried to the Financial Statement.</i></p>		
	<p>Inaccurate Intangible Assets</p> <p>The statement of financial position reflects intangible assets of Kshs. 600,000 which is at variance with the Nil balance disclosed in Note 32 to</p>	<p><i>We note your finding and wish to clarify that intangible assets of Kshs. 600,000 is reported in Note 32 as additions and the value disclosed in the note 32 in the Financial Statements. The Hospital does not have a depreciation and amortization</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>the financial statements. Further, the intangible assets were not amortized.</p> <p>In the circumstances, the accuracy and valuation of the intangible assets of Kshs. 600,000 could not be confirmed.</p>	<p><i>policy thus the intangible assets were not amortized.</i></p>		
	<p>Inaccuracies in Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs. 329,000 while Note 31 to the financial statements reflects a balance of Kshs. 1,617,507 resulting in an unexplained and unreconciled variance of Kshs. 1,288,507. Further, the balance excludes movable and non-movable assets of undetermined value relating to land, buildings, motor vehicles and equipment under their possession which were not disclosed and the balance was not depreciated. In addition, the fixed asset register provided for review did not comply</p>	<p><i>We note your finding and wish to state that, PPE balance of ksh 329,000 disclosed in the statement of Financial Position relates to the period under audit review. The unexplained and unreconciled variance of ksh 1,288,507 relates to the previous year. However, movable and non-movable assets inherited from National Government are still in the process of being transferred and, the Intergovernmental Technical Relation Committee Report on Property, Plant and Equipment is yet to be finalized. The County is yet to develop a Depreciation Policy for Property, Plant and Equipment note that IPSAS 33, allows for a transition period of 3 years to prepare policy documents and also to confirm values to be carried to the Financial Statement.</i></p>		

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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)
	<p>with the National Treasury template. The register lacked critical information as prescribed by the template.</p> <p>In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Kshs. 329,000 could not be confirmed.</p>			
	<p>Inaccurate Intangible Assets The statement of financial position reflects intangible assets of Kshs. 600,000 which is at variance with the Nil balance disclosed in Note 32 to the financial statements. Further, the intangible assets were not amortized.</p> <p>In the circumstances, the accuracy and valuation of the intangible assets of Kshs. 600,000 could not be confirmed.</p>	<p><i>We note your finding and wish to clarify that intangible assets of Kshs. 600,000 is reported in Note 32 as additions and the value disclosed in the note 32 in the Financial Statements. The Hospital does not have a depreciation and amortization policy thus the intangible assets were not amortized.</i></p>	<p>Awaiting Senate report</p>	
	<p>Non-Disclosure of Donated Drugs</p>	<p><i>The audit observation is noted, however at the time of receipt the donations were not received with their transfer values, hence a</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs. 27,545,950 and Universal Health Coverage of Kshs. 1,156,566 but were not disclosed in the financial statements.</p> <p>In the circumstances, the accuracy and completeness of grants from donors and development partners could not be confirmed.</p>	<p><i>challenge during of preparation of the financial statements. The management will ensure that values of donated drugs are obtained so that the full disclosures are made in the subsequent financial years.</i></p>		
	<p>Non-Compliance with the Financial Reporting Framework Template</p> <p>Review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with the</p>	<p><i>We note your findings and wish to state that the Financial Reporting Framework Template are revised by Public Sector Accounting Standards Board from time to time. Due to continuous revision, a new reporting template was revised for reporting for FY 2022/2023 but instead, a</i></p>		

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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)
	<p>financial reporting format issued by the Public Sector Accounting Standards Board. This is contrary to Section 81 ((3) of the Public Finance Management Act, 2012 which states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.</p> <p>In the circumstances, Management was in breach of the law</p>	<p><i>wrong reporting template was erroneously used in reporting for the year under review. We have since prior year adjustment statement to correct the errors and anomalies and will be complaint in the subsequent financial statements.</i></p>		
	<p>2. Incorrect Identification of Bondo County Hospital as a Level 4 hospital</p> <p>Review of the Kenya gazette notice no.786 of 4 February 2020 and the facility's license to operate as a public medical institution revealed that the Hospital is categorized as a level 3b hospital. However, contrary to this categorization, Management in the financial statements presented for</p>	<p><i>We note your findings and wish to state that The County Government of Siaya is working towards providing the staffing to the Hospital as to meet the requirements of a fully-fledged level 4 hospital</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>audit has identified the facility as a level 4 hospital.</p> <p>In the circumstances, Management was in breach of the law.</p>			
	<p>Irregular Payment of National Health Insurance Fund Claims</p> <p>Review and analysis of paid claims data obtained from the National Health Insurance Fund portal revealed that claims worth Kshs. 450,000 were settled more than ninety days after being submitted while claims worth Kshs. 6,048,600 were settled before claims were made. This is contrary to paragraph 12.8 of the contract between National Health Insurance Fund and Bondo sub-county hospital which states that the Board shall make payments to the health care provider for services covered under the Fund's various schemes in accordance with the schedules of the agreement on a</p>	<p><i>We note your observations and wish to clarify that the hospital process and submits claims to NHIF in batches awaiting reimbursements. The hospital is not aware of the criteria NHIF uses to reimburse claim. The year under audit review, a total of ksh 38, 256,737 were submitted to NHIF and a total of ksh 25,822,253 were reimbursed.</i></p>		

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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)
	<p>timely basis, but in any event, clean claims shall be paid within ninety (90) days of receipt of the claim from the health care provider, in strict compliance with the provisions of the agreement.</p> <p>In the circumstances, Management was in breach of the law.</p>			
	<p>Deficiencies in Implementation of Universal Health Coverage (UHC)</p> <p>Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 41% of the authorized establishment.</p>	<p><i>Efforts by the county government of Siaya to employ more doctors, nurses, clinician and other health workers. is an ongoing process. Medical officers have been released for specialization training for example paediatrics.</i></p> <p><i>The hospital will collaborate with the department of health to ensure highest attainable standard of health is achieved</i></p>	<p>Awaiting Senate report</p>	
	<p>Lack of Audit Committee and Internal Audit Unit Function</p> <p>During the financial year under review, the Hospital did not have an</p>	<p><i>The audit observations are noted, however the Directorate of internal audit and audit committee established by the County Government of Siaya carries out the functions. The hospital was audited by the</i></p>		

Bondo Level 4 Hospital (Siaya County Government)
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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)
	<p>audit committee in place. In the absence of a functioning audit committee, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an audit committee did not occur which may affect good corporate governance at the hospital.</p> <p>In addition, Management had also failed to rely on the internal audit department of the County Executive and no evidence was provided to show that Internal Audit from the County Executive had audited the entity.</p> <p>In the circumstances, the effectiveness of the Hospital's risk management and governance system could not be confirmed.</p>	<p><i>county audit team during the period under review.</i></p>		
	<p>Lack of a Risk Management Policy</p>	<p><i>We acknowledge the observations and state that the Hospital is currently using the National Government Public Sector Risk</i></p>		

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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)
	<p>The Hospital did not have in place a risk management policy contrary to Section 158(1) of the Public Finance Management (County Government Regulations), 2015 which requires each County Government entity to develop risk management strategies and a system of risk management to enable the County to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.</p> <p>In circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.</p>	<p><i>Management Guidelines as we work towards developing our Management Risk Policy.</i></p>		
	<p>Inadequate Management of Information Communication Technology Systems and Operations</p> <p>Review of the entity's Information Communication Technology (ICT) systems and operations revealed that the hospital does not have its own ICT function complete with the</p>	<p><i>The audit observations are noted, however the Directorate of ICT established by the County Government of Siaya carries out the functions.</i></p> <p><i>The hospital has an ICT officer and also relies on technical back stopping from County directorate of ICT.</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>requisite human resources. In addition, the Hospital does not have an ICT strategic plan, ICT strategic committee, approved ICT and security policy, training needs assessment and is yet to develop and adapt key ICT parameters including procedures manual, business continuity plans, disaster recovery plans and risk management policy. Further, the hospital does not have an offsite backup but rather manual backups on the hard disks yet the hospital operates the integrated county health information and e-health system therefore the organization might not recover in an event of disaster.</p> <p>In the circumstances, the effectiveness of internal controls on data recovery and business continuity could not be confirmed.</p>			
	Failure to Establish a Board of Management	<i>The audit observations are noted. However, the process of recruitment is ongoing and currently at the County</i>		

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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)
	<p>During the year under review, the Hospital had not established a Board of management contrary to Section 12 of Siaya County Health Services Act, 2018. Therefore functions of the board as outlined in the Act to include: Providing oversight over the administration of the Hospital, promoting the development of the Hospital, approving plans and programs, approving estimates before submission to the Executive Member, supervising and controlling the administration of the funds allocated to the hospital and recommending disciplinary measures and procedures in case of violation of provisions of this Act or any other related laws were not carried out and others carried out by the management team.</p> <p>In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital during the year under review could not be confirmed.</p>	<p><i>Assembly for vetting and approval upon which the names will be gazetted in accordance with the law</i></p>		

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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)
	<p>Failure to Repair and Service Equipment</p> <p>Audit inspection of the assets in the facility in the month of April revealed that five (5) equipment were not in use</p>	<p><i>We note your findings and state that some of the mentioned equipment like theatre and X-ray Equipment were under MES program and their service has been a national challenge since the service contracts expired. However, since the signing of Intergovernmental Participation Agreement between the National Government through the ministry of Health and the County Governments on the implementation of the National Equipment Service project we expect to get direction regarding service of the machines. For the repair of the mentioned machines has since been done.</i></p>		
	<p>Expiry of Medical Supplies</p> <p>Review of Management of pharmaceuticals and non-pharmaceuticals at the Hospital revealed that 17,968 units of essential drugs worth Kshs. 280,054 and Antiretroviral Drugs of undetermined value had expired. Further, the stock cards used to issue drugs to various departments in the Hospital did not</p>	<p><i>We wish to clarify that the hospital pharmacy has put measures to track expiry of all health products within the pharmacy store as per the required standards. This is to ensure minimal expiry within the facility. However, due to change of treatment regimens some drugs that were supplied ended up being obsolete hence expiry in pharmacy. For example, HIV treatment regime changed from Efavirenz based to</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>indicate the batch number and the expiry dates of the drugs, casting doubt on whether the principal of First Expiry First Out (FEFO) method of issuing drugs was being applied. Failure by Management to implement management of pharmaceutical and non-pharmaceutical policies results in expiry of supplies.</p> <p>In the circumstances, the effectiveness of internal controls on issuance and storage of medical supplies could not be confirmed.</p>	<p><i>Dolutegravir based and therefore all the Efavirenz expired.</i></p>		
	<p>Stock Outs on Essential Medical Supplies</p> <p>The statement of financial position reflects inventories balance of Kshs. 926,120 as disclosed in Note 30 to the financial statements. However, review of the department of medical services stock control cards revealed instances of stock out of medical supplies ranging from eleven (11) to</p>	<p><i>We wish to state that the hospital has put in place measures to ensure health products availability as recommended in the audit report. The establishment of our reorder levels and these reorder levels are system auto-generated which enables one to key in the minimum and maximum and the system automatically generates reorder level.</i></p>	<p>Awaiting Senate report</p>	

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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)
	<p>two hundred and ninety-eight (298) days. Further, the hospital management did not have a policy on minimum reorder levels at which medical supplies could be replenished.</p> <p>In the circumstances, the effectiveness of the stock control system could not be confirmed.</p>			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible 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.



Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

(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							

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

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

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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 (K.shs.)	Comments