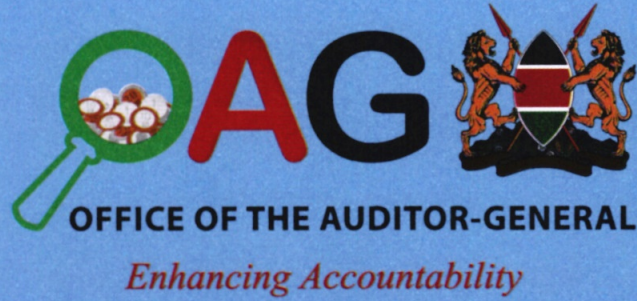


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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**OJOLA SUB-COUNTY LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KISUMU**

PAPERS LAID	
DATE	26.9.24
TABLED BY	M.L
COMMITTEE	-
CLERK AT THE TABLE	Cherry



OFFICE OF THE AUDITOR GENERAL  
P. O. BOX 1188, KISUMU



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# **OJOLA SUBCOUNTY HOSPITAL (Kisumu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

**2. Key Entity Information and Management**

**(a) Background information**

Ojola Subcounty Hospital is a level 4 hospital established under gazette notice number 11041 and is domiciled in Kisumu County under the Department of Medical Services, Public Health and Sanitation. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to transform the livelihood of the people of Kisumu County through responsive and sustainable technologically-driven evidence -based and client centred health system for accelerated attainment of highest standards of health.

**(c) Key Management**

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

- County department of health
- Board of Management
- SubCounty health Management team
- County Assembly of Kisumu
- 

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Facility In charge	ENOCK MOSETI
2.	Nursing In charge	MAUREEN OGOLLA
3.	Health Administrative Officer	JOSEPH NYANDIKA

**(e) Fiduciary Oversight Arrangements**

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

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

P.O. Box 40100-22  
Rabuur, KENYA  
Off Ojolla market Along Kisumu-Busia highway

**(g) Entity Contacts**

Telephone: (+254) 722159605  
E-mail: [ojolasubchoapital@gmail.com](mailto:ojolasubchoapital@gmail.com)

**(h) Entity Bankers**

National bank of Kenya

**(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. 40100-721  
Kisumu, Kenya




3. The Board of Management

Ref	Directors	Details
1.	<p><b>Director 1</b></p>  <p><b>Name:</b> Aloys Obuya Onguko  <b>Key Profession;</b> Teacher, Inspector of schools</p>	<p><b>Age:</b>81years  <b>Key qualifications</b> SEC, school teaching certificate  <b>Work experience:</b> Appointed senior inspector of Schools as Head of humanities at Suba District.                      Appointed graduate teacher 1 &amp; assistant lecturer at Kaimosi Districts.                      Works as a chairperson of the board at Ojola Sub County Hospital.  <b>Independent or an executive director:</b>  <b>Committee of the Board the director chairs:</b>                      Independent member of the board</p>
2.	<p><b>Director 2</b></p>  <p><b>Name :</b>Lucy Obiero  <b>Key Profession;</b>                      Electrical Engineer/Clerical officer</p>	<p><b>Age:</b>63 years  <b>Key qualification:</b> certificate in electrical Engineering.  <b>Work experience:</b> clerical officer at Ministry of Public works. Attended staff training department within the ministry of Public works.                      Work as a board member at Ojola Sub County Hospital  <b>Independent BOM</b></p>




*Ojola Subcounty Hospital ( Kisumu County Government)  
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3.	<p><b>Director 3</b></p>  <p>Name :George Opiyo Key Profession; Auditor of health care</p>	<p>Age: 58 Key qualification: Bsc-Horticulture Work experience: BOM member/volunteer health Care strategy &amp; standard. Establish Training, auditing of health care quality safety environment management system, strategic asset management Independent executive director:</p>
4.	<p><b>Director 4/Alternate</b></p>  <p>Name :Mary Otieno Key Profession; Teacher</p>	<p>Age:75 years Key qualification:P1 and SI Certificate Work experience: Taught from 1975 to 2005 in St. George's primary school-Nairobi Appointed as one of the board member at Ojola Sub County Hospital Independent or an executive director: Committee of the Board the director chairs:</p>
5.	<p><b>MED SUP</b></p>  <p>Name :Enock Moseti Key Profession; Clinical Officer</p>	<p>Age: 41 Key qualification: - BA sociology with IT - Dip in Clinical medicine &amp; surgery Work experience: 15 yrs -Secretary to the Board and is not a member of ICS</p>

Key Management Team

Ref	Management	Details
1.	<p><b>Manager 1</b></p>  <p>Name :Enock Moseti Key Profession: Clinical Officer</p>	<p><b>Main area of responsibility:</b> Chairperson of the HMT Participate in the Development of the hospital budget. Coordinating activities of various departments &amp; hospital services.</p>
2.	<p><b>Manager 2</b></p>  <p>Name :Joseph Nyandika Key Profession: Health Administrator Officer.</p>	<p><b>main area of responsibility</b> Participate in the Development of the hospital budget. Planning of the Hospital resources.</p>
3.	<p><b>Manager 3</b></p>  <p>Name :George Ngoje Key Profession: Nursing Officer in charge</p>	<p><b>main area of responsibility</b> Participate in the Development of the hospital budget, coordinating Nursing&amp; community service. Planning of the Hospital resources. Planning of Non pharms.</p>

*Ojola Subcounty Hospital ( Kisumu County Government)*  
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<p>4.</p>	<p><b>Manager 4</b></p>  <p><b>Name :</b>Audrey Otwal  <b>Key Profession:</b> Health records Officer</p>	<p>Participate in the Development of the hospital budget, Coordinate Health records department activities          Planning of the Hospital resources.</p>
<p>5.</p>	 <p><b>Name :</b>Daniel Okelo  <b>Key Profession:</b> Pharmacy Technologist</p>	<p>Participate in the Development of the hospital budget, Coordinate Pharmaceuticals commodities          Planning of the Hospital resources.</p>
<p>6.</p>	 <p><b>Name :</b>Starmily Otieno  <b>Key Profession:</b> Public Health Officer</p>	<p>Participate in the Development of the hospital budget, In charge of hospital Sanitation &amp; Community Services,          Planning of the Hospital resources.</p>

7.	 <p><b>Name :</b>George Achola <b>Key Profession:</b> Laboratory Technologist</p>	Participate in the Development of the hospital budget, Coordinate Laboratory Services & Infection Prevention & Control, Planning of the Hospital resources.
----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------

**4. Chairman’s Statement**

The F/Y 2022/2023 was a year where a number activities were undertaken including having board meetings to deliberate on both development and recurrent issues. A lot of progress has been witnessed more so in the area of infrastructure development, increase in staff capacity and even in collection due to introduction of Facility Improve Fund act.

**Challenges**

The facility is experiencing acute shortage of staff in key department such as Nursing, outpatient, laboratory, pharmacy. there is a need for a proper fence to improve security of staff and assets. Completion of the stalled maternity wing will enhance service delivery for example family planning, cervical cancer screening, antenatal care, post natal care.

**Proposed mitigation**

Through the gazetted board members we will seek and address the chief officer of health to consider the facility when future posting is done. in collaboration with the area Member of County Assembly we will table our request to the ward development fund committee to consider completion of maternity wing and proper fencing of the facility

Name: Sign. 

Name ALLOYS OBUYA  
**Chairman to the Board**

## 5. Report of The Medical Superintendent

### BACKGROUND

**Ojola Sub-County Hospital** has been in existence for more than a century, having been established in the early 2000s to cater for the health needs of the workers at the then port town of Kisumu. Since then, it has grown to become the referral hospital serving various Sub-Counties within its locality. The hospital's revenue is derived from Facility improvement funds (FIF) and monies appropriated from the county Treasury.

Top drivers of the budget were medical drugs, Staff remunerations, non-pharmaceuticals, patient's food, Laboratory, Contracted Services among others. High Utilization rate realized

#### *Revenue*

The HMB and hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2021/2022, infrastructural development.

#### **Challenges**

Ojolabased on the population that its serves is faced with a lot of challenges ranging from Global issues, financial constraints, inadequate human resource, environmental challenges, infrastructural i.e. dilapidated buildings, and technological growth that the hospital have to adopt in order to succeed in the healthcare service delivery.

#### **Looking forward**

Modern Technology transformation is one of the pillars of the Strategic Plan. The hospital has embarked on this journey to increase operational efficiencies, enhance customer experience through consistent and patient-focused service delivery and informed decision-making aided by business intelligence. Crucial to this will be the implementation of the key operational systems, the Hospital Information Management System (HMIS)).

#### **Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, county government of Kisumu, development partners, stakeholders, management and staff for their continued support, which made us, achieves these results.

I look forward to your continued support in the year 2023/2024.

.....  
Name *Frank Njose*

Secretary to the Board



### 6. Statement of Performance Against Predetermined Objectives

OJOLA sub county hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2023. These strategic pillars/ themes/ issues are as follows;

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Human resource development
5. Infrastructure development

The Hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *hospital* achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and Infrastructural development	To Establish and enhance good clinical governance	Hospital Drug formulary in place <input type="checkbox"/> No of stock-out tracer drugs <input type="checkbox"/> No of prescription reviewed <input type="checkbox"/> Updated SOPs	Rational use of Medications <input type="checkbox"/> Rational use of blood and blood products <input type="checkbox"/> Provision of Health products <input type="checkbox"/> Monthly Clinical Audits and mortality Meetings	Hospital Drug formulary in place. <input type="checkbox"/> %reduction in morbidity and mortality
Healthcare Financing and Sustainability	To increase revenue Generation	Revenue Reports <input type="checkbox"/> %increase in revenue	Diversify Revenue Streams <input type="checkbox"/> Review User Fee Charges <input type="checkbox"/> Increase Customer Base	Revenue improved compared to previous year <input type="checkbox"/> Review of user fees continuous and on

*Ojola Subcounty Hospital ( Kisumu County Government)*  
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			<input type="checkbox"/> Develop Concept papers and proposals to development partners	progress
Quality improvement	<ul style="list-style-type: none"> <li>○ To enhance processes or services within the hospital to meet or succeed clients expectation and achieve high level of efficiency ,effectiveness &amp; satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>○ Number of defect or errors of drugs or process over specific period of time</li> </ul>	<ul style="list-style-type: none"> <li>○ Analysing processes, drugs or services to identify areas where quality can be enhance or inefficiencies can be addressed</li> </ul>	<ul style="list-style-type: none"> <li>○ Increased efficiencies in service delivery resulting to reduced waiting time and higher productivity.</li> </ul>
Human resource development	To enhance the knowledge skill,abilities,and overall performance of staff within the hospital	<ul style="list-style-type: none"> <li>○ Number of staff trained in specific areas.</li> <li>○ Number of continuous Medical Education.</li> </ul>	Designing and delivering trainings programs or Continuous Medical Training to enhance staff skills, competencies and knowledge relevant to their roles and Hospital Goals.	Trainings and continuous medical Education result in staff acquiring new skills ,knowledge and competencies that are relevant to their roles and contribute to hospital success.

*Ojola Subcounty Hospital ( Kisumu County Government)*  
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<p>Infrastructure development</p>	<ul style="list-style-type: none"> <li>○ To improve existing infrastructure deficiencies and to replace worn out facilities.</li> </ul>	<ul style="list-style-type: none"> <li>○ Measures the project adherence to budgetary constraints.</li> <li>○ Tracks the project progress against the planned schedule, assessing delay or acceleration in project completion</li> </ul>	<ul style="list-style-type: none"> <li>○ Developing a detailed plans for infrastructure considering factors such as sites suitability, environmental impact, engineering requirements and stakeholders preferences.</li> </ul>	<ul style="list-style-type: none"> <li>○ Upgraded infrastructure for example paediatric ward enhances operation efficiencies and boost overall facility improvement fund.</li> </ul>
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## **7. Corporate Governance Statement**

Ojola Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Kisumu County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics.

The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

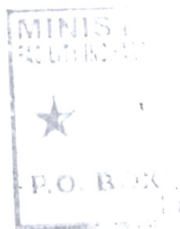
## **8. Management Discussion and Analysis**

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization. The overall leadership and governance of Ojola will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kisumu. The day-to-day management of the hospital is vested on the Medsupt.



.....  
Name **Frank Maseti**

**Secretary to the Board**



## **9.Environmental And Sustainability Reporting**

### **Environmental performance**

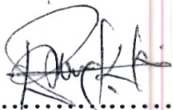
Ojola is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy. Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.

### **Employee welfare**

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.



.....  
Enock Moseti  
**Board Secretary**



**10. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the affairs of Ojola Subcounty Hospital.

**Principal activities**

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services in both east and central Africa.

**Results**

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 59

**Board of Management**

The members of the Board who served during the year are shown on page v to vi

**Auditors**

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



.....  
Name **Enock Njoroti**

**Secretary to the Board**



### **11. 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 that Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year 2022/2023 and the operating results of the 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 financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

#### **Approval of the financial statements**

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

*Alloys Obuya*  
.....  
**ALLOYS OBUYA**

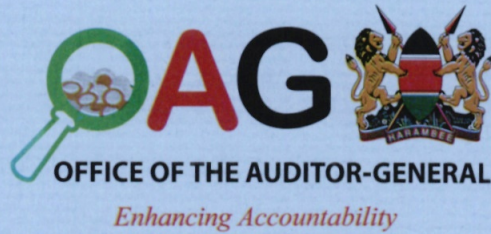
**Name:**  
**Chairperson**  
**Board of Management**

*Enock Moseti*  
.....  
**Name: Enock Moseti**  
**Accounting Officer**



# REPUBLIC OF KENYA

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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Ojola Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 50, which comprise of

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*Report of the Auditor-General on Ojola Sub-County Level 4 Hospital for the year ended 30 June, 2023 - County Government of Kisumu*

the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Ojola Sub-County Level 4 Hospital - County of Kisumu as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy in the Statement of Changes in Net Assets**

The statement of changes in the net assets did not disclose surplus/(deficit) for the year and the accumulated amount. However, the statement of financial performance discloses a deficit for the year of Kshs.19,100 and a comparative figure of Kshs.24,948.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

#### **2. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position and as disclosed in Note 27 to the financial statement reflects Kshs.59,707 in respect to cash and cash equivalents. However, the reconciliation statement for the account was not presented for audit with the cash book not having a board of survey report. In addition, the statement of cash flows reflects net decrease in cash and cash equivalents of Kshs.95,194 while re-computation of the same amounts to an increase of cash and cash equivalents by Kshs.154,900 resulting to unreconciled variance of Kshs.250,094.

In these circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.59,706 could not be confirmed.

#### **3. Variances in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.127,500 as disclosed in Note 28 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.1,075,150 resulting to an unexplained variance of Kshs.947,660. Further, the supporting schedule provided indicate an amount of Kshs.834,000 resulting into an unreconciled variance of Kshs.740,000.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance from exchange transactions Kshs.127,500 could not be confirmed.

#### **4. Variances in Trade and Other Payables**

The statement of financial position reflects Nil balance in respect of trade and other payables. However, the corresponding Note 34 to the financial statements discloses an amount of Kshs.174,000 while the supporting schedule provided reflects Kshs.1,324,404 resulting to unreconciled variances of Kshs.174,000 and Kshs.1,324,404.

In the circumstances, the accuracy, and completeness of the Nil trade payable balance could not be confirmed.

#### **5. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit. In addition, review of the asset register provided for audit revealed the register was incomplete, as some assets were missing from the register and the asset register did not include cost of assets, depreciation charge, net book values, dates of purchase and unique identification of the assets.

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

#### **6. Unaccounted for Inventory**

The statement of financial position reflects a Nil balance in respect of inventories. However, audit examination of stock control cards and schedules provided revealed closing balances of various pharmaceutical and non-pharm stocks as at 30 June, 2023 amounting to Kshs.2,358,402. Further, there was no evidence that annual stock take was carried out on 30 June, 2023.

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

#### **7. Unsupported Revenue from Rendering Medical Services**

The statement of financial performance reflects an amount of Kshs.248,610 in respect to rendering of medical service while casting of Note 11 to the financial statements amounts to Kshs.238,110 resulting to a variance of Kshs.10,500. Further, Management did not present the monthly revenue collection analysis for review.

In the circumstances, the accuracy and completeness of the revenue from rendering of services balance of Kshs.248,610 could not be confirmed.

#### **8. Non-Disclosure of Donated Drugs**

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.2,502,987 and Universal

Health Coverage amounting to Kshs.377,654 but were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of Nil grants from donors and development partners could not be confirmed.

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

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with the Public Sector Accounting Standard Board Template**

Audit review of the annual report and financial statements revealed that key management team section indicated on page vii does not have the key professional and academic qualifications as is required by the recommended template. Further, under the corporate governance section, the following were not highlighted; attendance to the board meetings held, succession plan, existence of a Board charter, induction, and training, Board and member performance, conflict of interest, board remuneration, ethics, and conduct as well as governance audit. In addition, management discussion and analysis did not include the financial performance of the Hospital and the report was not signed.

In the circumstances, the financial statement did not comply with the recommended template and Management was in breach of the law.

## 2. Deficiencies in Implementation of Universal Health Coverage (UHC)

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 of ninety four 94 staff requirements or 93% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	0	16	100
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	7	68	91
<b>Total</b>	<b>101</b>	<b>7</b>	<b>94</b>	<b>93</b>

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	7	143	95
Resuscitaire (2 Labor & 1 in Theatre)	2	1	1	50
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	5	1	4	80
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres- Maternity and General	2	0	2	100

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

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

### **3. Lack of an Approved Budget**

The statement of comparison of budget and actual amounts reflects total actual income and expenditure of Kshs.1,107,570 and Kshs.1,126,670 respectively. However, the Hospital lacked a budget and projections of expenditure or revenue and disbursements were accounted for in the form of Authority to Incur Expenditure which were issued after receipt of money from the County Treasury. This was contrary to Regulation 29(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, Management was in breach of the law and budgetary controls were not effective.

### **4. Failure to Transfer Revenue to the County Revenue Fund Account**

The statement of financial performance reflects rendering services - medical services income of Kshs.246,600 as disclosed in Note 15 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81 (1-3) of Public Finance and Management (County Governments) Regulations 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack of a Risk Management Policy**

The Hospital does not have an approved risk management policy to provide a framework for the management of risk and also to increase overall awareness of risk throughout the institution. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

In circumstance, existence of effective risk management strategies could not be confirmed.

### **2. Internal Control Weaknesses in Transaction Processing**

Review of the Hospital's operations and records revealed that some receipts were in cash and there was no reconciliation between the Mpesa- collections and the bank statements and the cashier doubles as the billing clerk. In addition, payment vouchers were not pre-numbered, the cash book did not include payment voucher numbers and the Hospital has no systematic filing system for both financial and procurement records.

In the circumstances, the existence of effective internal controls over revenue collection and expenditure could not be confirmed.

### **3. Failure to Automate Hospital Process**

Review of the Hospital processes and physical inspection revealed that the Hospital had not automated its operations and records were manually stored making them susceptible to damage and loss. In addition, billing, drugs receipt and issuance including the accounting processes and financial records were manual.

In the circumstances, non-automation of records and process exposes their financial information to risk of inaccuracies, inefficiencies, manipulations and loss.

### **4. Failure to Establish Audit Committee and Operations of Internal Audit Unit**

The Hospital had not established an audit committee. Further, no evidence including internal audit reports from the Executive was provided to indicate that Management did rely on the Internal Audit Department of the County Executive of Kisumu. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an Audit Committee.

In the circumstances, the effectiveness of the governance structure 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 Hospital Board of Management**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

10 July, 2024

*Ojola Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

Description	Note	Insert Current	Insert Comparative
		FY 2022-2023	FY 2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	858,960	931,373
In-kind contributions from the County Government	7	0	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	248,610	464,590.00
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>1,107,570</b>	<b>1,395,963.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	419,576	658,050
Employee costs	16	426,000	292,500
Board of Management Expenses	17	18,000	32,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	113,944	113,650
Grants and subsidies	20	0	0
General expenses	21	149,150	304,000
Finance costs	22		0
Food			
<b>Total expenses</b>		<b>1,126,670</b>	<b>1,400,200</b>

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Description	Note	Insert Current FY 2022-2023	Insert Comparative FY 2021-2022
		Kshs	Kshs
<b>Other gains/(losses)</b>		(19,100)	
Gain/Loss on disposal of non-Current assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions			
<b>Total other gains/(losses)</b>			
<b>Net Surplus / (Deficit) for the year</b>		<b>(19,100)</b>	<b>24,948</b>

(The notes set out on pages 25 to 34 form an integral part of the Annual Financial Statements.)

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

*ALLOYS OBIWA*

**Chairman**  
**Board of Management**

**Head of Finance**  
**ICPAK No:**

*KNOCK MOSEPS*

**Medical Superintendent**



*Ojola Subcounty Hospital (Kisumu County Government)*  
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**14. Statement of Financial Position As At 30<sup>th</sup> June 2023**


Description	Note	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	59,706	42,406
Receivables from exchange transactions	28	127,500	112,500
Receivables from non-exchange transactions	29	350,000	0
Inventories	30	0	0
<b>Total Current Assets</b>		<b>537,206</b>	<b>154,906</b>
<b>Non-current assets</b>			0
Property, plant, and equipment	31	0	0
Intangible assets	32	0	0
Investment property	33	0	0
<b>Total Non-current Assets</b>		<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>537,206</b>	<b>154,906</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	0	0
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
<b>Total Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non -Current portion of borrowings	39	0	0
Service concession liability	40	0	0
Social Benefits	41	0	0

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Description	Note	Insert	Insert Comparative FY
		Current FY	
		Kshs	Kshs
<b>Total Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>0</b>	<b>0</b>
<b>Net assets</b>		<b>537,206</b>	<b>154,906</b>
Revaluation reserve		0	0
Accumulated surplus/Deficit		0	0
Capital Fund		0	0
		<b>0</b>	
<b>Total Net Assets and Liabilities</b>		<b>537,206</b>	<b>154,906</b>

*(The notes set out on pages 34 to 41 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
**ALLOYS O BULYA**

.....  
**Chairman**  
**Board of Management**

.....  
**Head of Finance**  
**ICPAK No:**

.....  
**Medical Superintendent**

*Ojola Subcounty Hospital (Kisumu County Government)*  
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**15. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)	0	0	0	0
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital/Development grants	-	-	0	0
As at June 30, 2022(previous year)	0	0	0	0
At July 1, 2022(current year)	0	0	0	0
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital/Development grants	-	-	0	0
At June 30, 2023(current year)	0	0	0	0

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	858,960	931,373
Grants from donors and development partners	7	0	0
Transfers from other Government entities	8	0	0
Public contributions and donations	9	0	0
Rendering of services- Medical Service Income	11	248,610	493,775
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts( <i>specify</i> )		0	0
<b>Total Receipts</b>		<b>1,107,570</b>	<b>1,425,148</b>
<b>Payments</b>			
Medical/Clinical costs	15	419,576	658,050
Employee costs	16	252,000	292,500
Board of Management Expenses	17	18,000	32,000
Repairs and maintenance	19	113,944	113,650
Grants and subsidies		0	
General expenses	21	149,150	304,000
Finance costs		0	
Refunds paid out		0	
<b>Total Payments</b>		<b>952,670</b>	<b>1,400,200</b>
<b>Net cash flows from operating activities</b>	42	<b>154,900</b>	<b>24,948</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(0)	0
Proceeds from the sale of property, plant, and equipment		0	0
Acquisition of investments		(0)	0
<b>Net cash flows used in investing activities</b>		<b>(0)</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	0
Capital grants received		0	0

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<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(95,194)</b>	<b>17,458</b>
Cash and cash equivalents as at 1 July	27	0	42,406
<b>Cash and cash equivalents as at 30 June</b>	27	<b>59,706</b>	<b>42,406</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>					0	
Transfers from the County Government	859,134	0	859,134	859,134	0	100%
Grants from donors and development partners	0	0	0	0	0	100%
Transfers from other Government entities	0	0	0	0	0	100%
Public contributions and donations	0	0	0	0	0	100%
Rendering of services- Medical Service Income	248,610	0	248,610	248,610	0	100%
Revenue from rent of facilities	0	0	0	0	0	100%
Finance / interest income	0	0	0	0	0	100%
Miscellaneous receipts ( <i>specify</i> )	0	0	0	0	0	100%
<b>Total income</b>	<b>1,107,744</b>	<b>0</b>	<b>1,107,744</b>	<b>1,107,744</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>		0			0	100%
Medical/Clinical costs	419,576	0	419,576	419,576	0	100%
Employee costs	426,000	0	426,000	252,000	174,000	60%
Remuneration of directors	18,000	0	18,000	18,000	0	100%
Repairs and maintenance	113,944	0	113,944	113,944	0	100%
Grants and subsidies	0	0	0	0	0	100%
General expenses	149,150	0	149,150	149,150	0	100%
Finance costs	0	0	0	0	0	100%
Refunds	0	0	0	0	0	100%
<b>Total Expenses</b>	<b>1,126,670</b>	<b>0</b>	<b>1,126,670</b>	<b>1,126,670</b>	<b>0</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>(18,926)</b>	<b>0</b>	<b>(18,926)</b>	<b>(18,926)</b>	<b>0</b>	<b>100%</b>
<b>Capital expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100%</b>

## **18. Notes to the Financial Statements**

### **1. General Information**

Ojola Subcounty Hospital is established by and derives its authority and accountability from Health Act, PFM Act and the Kisumu County facility Improvement Fund Act 2021. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provide universal healthcare to the citizens

### **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 *entity'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 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 20XX.

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

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Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i></li> </ul> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
Standard	Effective date and impact
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

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Standard	Effective date and impact
	<p>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>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <li>i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</li> <li>ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</li> </ul>

**iii) Early adoption of standards**

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

**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 was approved by Board on 15/8/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.. 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.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

***Notes to the Financial Statements (Continued)***

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 2 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Research and development costs**

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

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

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

**i. Financial instruments**

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

*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the 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.

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	858,960	931,373
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
<b>Conditional grants</b>		0
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>858,960</b>	<b>931,373</b>

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
Kisumu County Government	858,960	0	0	858,960	931,373
<b>Total</b>	<b>858,960</b>	<b>0</b>	<b>0</b>	<b>858,960</b>	<b>931,373</b>

Notes to Financial Statements Continued

**7. In Kind Contributions from The County Government**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
<b>Total grants in kind</b>	<b>0</b>	<b>0</b>

**8. Grants From Donors and Development Partners**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants ( <i>specify</i> )	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

**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	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	0	0
Amortised and transferred to revenue	0	0
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>0</b>

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pharmaceuticals	123,635	145,065
Non-Pharmaceuticals	0	0
Laboratory	67,570	63,310
Health records	0	2,900
Public Health Services	0	170,000
Medical Examination	13,525	0
NHIF	33,380	112,500
<b>Total revenue from the rendering of services</b>	<b>248,610</b>	<b>493,775</b>

**Notes to the Financial Statements (Continued)**

**12. Revenue From Rent of Facilities**

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

**13. Finance /Interest Income**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

**14. Miscellaneous Income**

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	55,200	47,000
Public health activities	0	0
Food and Ration	88,634	241,850
Uniform, clothing, and linen	98,310	0
Dressing and Non-Pharmaceuticals		0
Pharmaceutical supplies	138,547	189,500
Health information stationery	21,500	12,200
Reproductive health materials		0
Sanitary and cleansing Materials	17,385	167,500
Purchase of Medical gases		0
X-Ray/Radiology supplies		0
Other medical related clinical costs ( <i>specify</i> )		0
<b>Total medical/ clinical costs</b>	<b>419,576</b>	<b>658,050</b>

16. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	426,000	292,500
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs ( <i>specify</i> )	0	0
<b>Employee costs</b>	<b>426,000</b>	<b>292,500</b>

**Notes to the Financial Statements (Continued)**

**17. Board of Management Expenses**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Chairman's Honoraria		0
Sitting allowance	18,000	32,000
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
<b>Total</b>	<b>18,000</b>	<b>32,000</b>

**18. Depreciation and Amortization Expense**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

**19. Repairs And Maintenance**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property- Buildings	113,944	113,650
Medical equipment	0	0
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	0	0
<b>Total repairs and maintenance</b>	<b>113,944</b>	<b>113,650</b>

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Notes to the Financial Statements (Continued)

**20. Grants And Subsidies**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies( <i>specify</i> )	0	0
<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

**21. General Expenses**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Electricity expenses	95,000	153,000
Travel and accommodation allowance	6,000	16,000
General office supplies	9,850	71,000
Water and sewerage costs	20,000	50,000
Skills development levies	0	
Telephone and mobile phone services	13,950	14,000
<b>Total General Expenses</b>	<b>149,150</b>	<b>304,000</b>

**22. Finance Costs**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs

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Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised ( <i>specify</i> )	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

**24. Unrealized Gain On Fair Value Investments**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
<b>Total Gain/Loss</b>	<b>0</b>	<b>0</b>

26. Impairment Loss

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

27. Cash And Cash Equivalentents

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	59,706	42,406
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others( <i>specify</i> )- Mobile money	0	0
<b>Total cash and cash equivalentents</b>	<b>59,706</b>	<b>42,406</b>

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

Description		FY 2022/2023	FY 2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
National Bank of Kenya	01256082107100	59,706	42,406
<b>Grand total</b>		<b>59,706</b>	<b>42,406</b>

28. Receivables From Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
NHIF-Medical services receivables	127,500	112,500
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
<b>Total receivables</b>	<b>127,500</b>	<b>112,500</b>

Analysis of Receivables From Exchange Transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%	112,500	%
Between 1- 2 years		%	0	%
Between 2-3 years		%	0	%
Over 3 years		%	0	%
<b>Total (a+b)</b>		<b>%</b>	<b>112,500</b>	<b>%</b>

29. Receivables From Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfers from the County Government	350,000	0
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>350,000</b>	<b>0</b>

**Analysis of Receivables From Non-Exchange Transactions**

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	350,000	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

**30. Inventories**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Pharmaceutical supplies	00	0
Maintenance supplies	0	0
Food supplies	0	0
Linen and clothing supplies	0	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	(0)
<b>Total</b>	<b>0</b>	<b>0</b>

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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
<b>Cost</b>								
At 1 July 20XX (previous year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 1 July 20XX (current year)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments								
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation and impairment</b>								
At 1 July 2022(previous year)								
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>At 30 June 2022</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2022(current year)	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>At 30<sup>th</sup> June 223</b>								
	0	0	0	0	0	0	0	0
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 20XX (previous)								
At 30 <sup>th</sup> Jun 20XX (current)	0	0	0	0	0	0	0	0

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**Notes to the Financial Statements (Continued)**

**32. Intangible Assets-Software**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	(0)	(0)
<b>At end of the year</b>	0	0
	0	0
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	0	0
Amortization for the period	0	0
Impairment loss	0	0
<b>At end of the year</b>	0	0
<b>NBV</b>	<b>0</b>	<b>0</b>

**33. Investment Property**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>
Additions	0	0
Disposals during the year	(0)	(0)
Fair value gain	0	0
Depreciation ( <i>where investment property is at cost</i> )	(0)	(0)
Impairment	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>

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**34. Trade and other Payables**

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Trade payables	0		0	
Employee dues	174,000		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>174,000</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	174,000	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>174,000</b>	<b>%</b>	<b>0</b>	<b>%</b>

**35. Refundable Deposits from Customers/Patients**

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
<b>Total deposits</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>	<b>FY 2021/2022</b>	<b>% of the Total</b>
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

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Notes to the Financial Statements (Continued)

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**37. Finance Lease Obligation**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**38. Deferred Income**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)

**39. Borrowings**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Balance at beginning of the period</b>	<b>0</b>	<b>0</b>
External borrowings during the year	0	00
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**40. Service Concession Arrangements**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	<u>0</u>	<u>0</u>

**41. Social Benefit Liabilities**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	<u>0</u>	<u>0</u>
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	00
Bursary social benefits	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)

**42. Cash Generated from Operations**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Surplus for the year before tax	0	0
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
<b>Working Capital adjustments</b>		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>0</b>	<b>0</b>

**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 company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	112,500	112,500	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>112,500</b>	<b>112,500</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	112,500	112,500	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>112,500</b>	<b>112,500</b>	<b>0</b>	<b>0</b>

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 2022. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 20xx</b>	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

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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Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**44. Contingent Liabilities**

Contingent liabilities	FY 2022/2023	FY2021/2023
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**45. Capital Commitments**

Capital Commitments	FY 2022/2023	FY2021/2023
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**46. Events after the Reporting Period**

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

**47. Ultimate and Holding Entity**

The entity is a public hospital under the Department of medical Services, Public health and Sanitation . Its ultimate parent is the County Government of Kisumu.

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**48. Currency**

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

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**19. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

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

**Guidance Notes:**

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

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**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**

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20XX as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

**Head of Accounts Department of the beneficiary entity:**

Name ..... Sign ..... Date .....

*Ojola Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**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		

*Ojola Subcounty Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**Appendix V: Disaster Expenditure Reporting Template**

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