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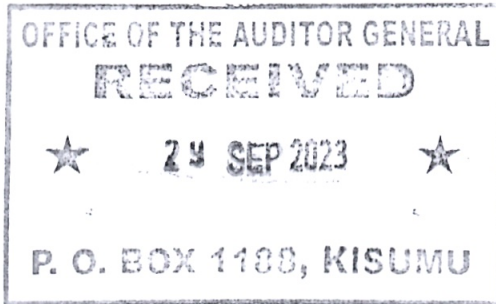
ON

RABUOR SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KISUMU

25/04/24
SM/L
Angela



Revised 30th June 2023



RABUOR SUBCOUNTY LEVEL 4 HOSPITAL **(Kisumu County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

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

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Rabuor SubCounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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- Enhanced resource mobilizations from the County Government and other development partners

.....
Name **JANE RABURU**
Chairman to the Board

6. Report of The Medical Superintendent

On behalf of our facility, I want to take this opportunity to appreciate both the county and national government for the financial support during the last financial year. I wish to single out the game changer that has been brought about since the inception of the Facility Improvement Funds. The FIF has really made our facility to develop a business minded concept over and above tailoring the service delivery towards the needs of our clientele. It's also good to note that the support didn't go without challenges one of which was delayed or failure to disburse the recurrent funds. This really affected the operationalization of our facility. Going forward we hope that all the funds that are needed for effective running of our facilities shall be timely disbursed without failure. Finally it will also be important for the executive members of the hospital to be undertaken through a financial management training to help them improve on the same. Thank you.

.....
Name **GORDWIN OMONDI**
Secretary to the Board

19 SEP 2023

7. Statement of Performance Against Predetermined Objectives

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

The core mandate of RSCH are to ensure: provision of universal healthcare coverage by ensuring provision of:

- i) Curative and Rehabilitative Health Services
- ii) Preventive and Promotive Health Services
- iii) General Administration, Planning, Management Support and Coordination

It is the responsibility of the HMB and HMT of the Hospital to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development.

RSCH has 3 Annual Program Based Service Delivery Work plan and objectives during the FY 2022-2023.

These 3 Annual Program Based Service Delivery are;

Program 1: Curative and Rehabilitative Health Services; Program Outcome: Effective and efficient curative and rehabilitative health care services to the county citizens

Program Objective: To provide effective and efficient curative and rehabilitative at all health **service delivery units**

Program 2: Preventive and Promotive Health Services; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Program 3: General Administration, Planning, Management Support and Coordination; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

RSCH develops its annual work plan based on the above 3 programs and 12 sub programs.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

RSCH achieved its performance targets set for the FY 2022/2023 period for its 12 sub programs under the 3 main program-based areas.

8. Corporate Governance Statement

Board of management

The Board is held accountable and responsible for the effective governance of the institution.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives, and review key risk and performance areas.
- Determine overall policies and procedures to ensure integrity of the Hospital's management of risk and internal controls.
- Review, at regular meetings, Management's performance against approved deliverables.

The full Board meets quarterly within a financial year.

The Board members are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance matters.

Except for direction and guidance on general policy, the Board has delegated authority for conduct Of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

BOARD REMUNERATION

Non-Executive directors provide services to the company to which they are entitled to a remuneration as provided for by the SRC guidelines and circulars on Remuneration of board members for level IV hospitals. They are paid sitting allowances for attending Board meetings, board committee meetings and any other entity's business that they may be called to undertake.

9. Management Discussion and Analysis

Clinical/operational performance

Data from the Health records and information department shows the following details as to clinical/operational performance of RSCH:

- Bed capacity of the hospital.

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- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

Performance Item/ Activity	Unit of count/ measure	Financial year	
		2022/2023	2021/2022
Bed capacity of the hospital	No. of beds	18	18
Overall patient attendance during the year; both inpatient & outpatient	No. of patients		
	Maternity.....	534	602
	IPD.....	192	178
	OPD.....	9246	10,658
Accident and emergency attendance		410	342
Specialised clinic attendance	No. of attendances		
	CCC	11,816	13,337
	TB clinic		
	O.T		
Average length of stay for inpatient	No. of days	3	3
Bed occupancy rate	Percentage	30%	30%
Mortality rate	Percentage	0.04%	0.01%
Surgical theatre utilisation	No. of procedures	0	0

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Kindly note that RSCH only offer first aid emergency services before referring patients to Kisumu County Referral Hospital for specialised treatments.

Financial performance that includes: -

RSCH has 2 main revenue streams during the FY 2022/2023 as follows:

- On-source revenue collections
- Treasury disbursements

During the year, the Hospital revenues per category were as follows:

Category	Amount
On-source revenue collections	
Treasury disbursements	
Total revenues	

.....
Name

Godwin Omondi

Secretary to the Board

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

During the financial year, the hospital strived to favourably achieve its objectives and mandate of providing universal healthcare to all citizens who visited the hospital. The hospital throughout the year ensures compliance with the various rules and regulations governing the management of a public hospital within Kenya.

ii) Environmental performance

RSCH was committed to ensuring safe disposal of all medical and non-medical wastes as may be appropriate. The abolition blocks, wards and treatment areas were regularly cleaned and disinfected as supervised by the hospital's public health officer. All Hazardous medical and non-medical wastes were disposed in line with the MOH guidelines.

iii) Employee welfare

RSCH staffs comprise of staffs employed by the County Government of Kisumu, Partner and health Volunteers who are engaged directly by the hospital.

The management strives to ensure that all employees are sufficiently engaged towards service delivery whilst observing employee rights in line with the Employment Act.

Being that hospital setups are hazardous, the management ensured adequate provision of PPEs to all staffs during the financial year to date in line with the Occupational Safety and Health Act of 2007, (OSHA).

The Health Volunteers are timely compensated for the services delivered and made it possible for the hospital to run smoothly during the period.

iv) Market place practices-

a) Responsible competition practice.

Core mandate of RSCH is to provide universal healthcare coverage to citizens. As such the hospital charge-list was in compliance with the Kisumu County Finance Bill and in our view it was made with a view of not making profits but rather to recover costs of service delivery.

In the spirit of universal healthcare coverage, the hospital assisted all the indigents who visited the hospital to access services through waivers and exemptions as per the presidential directive' As such no patient was turned away or detained for lack of hospital bill during financial year under review.

b) Responsible Supply chain and supplier relations

RSCH supply chain activities are handled by the HAO. RSCH sources its goods and services from prequalified suppliers who are centrally prequalified at the Kisumu County and Referral Hospital. The Suppliers are engaged on a competitive basis majorly through request for quotation method.

The management strived to pay the suppliers as and when money was availed from County Treasury. Keen to note was that the transfers from County Treasury was not enough to adequately settle all invoices. The management seeks increase of disbursements from County Treasury.

c) Responsible marketing and advertisement

RSCH is a Public hospital that is open to all citizens within Kadibo Sub-county and beyond.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

Health care sector is a highly regulated sector due to its essential nature. During the FY 2022/2023 to date, the hospital management has always ensured to only procure authorised pharmaceutical and non-pharmaceutical items from licenced suppliers. the hospital also ensures that all food and ration items and other items are inspected by the hospital inspection teams who ensure that only goods and services that meet the required standards and threshold are accepted for use at the hospital.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are (continue to be)

Results

The results of the entity for the year ended June 30 2023 are set out in this report

Board of Management

The members of the Board who served during the year are shown on the preliminary pages of this report.

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.

By Order of the Board

.....
Name GORDWIN OMONDI

Secretary to the Board

29 SEP 2023

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of RSCH, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital at 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 RSCH. The council members are also responsible for safeguarding the assets of the hospital.

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


In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

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Nothing has come to the attention of the Board of management to indicate that the *entity* 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 29/9/23 and signed on its behalf by:

..... 

Name: JANE RABURU

Chairperson

Board of Management

..... 

Name: 

Accounting Officer

REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 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 Rabuor Sub-County Level 4 Hospital – County Government of Kisumu set out on pages 1 to 41, which comprise of

the statement of financial position as at 30 June, 2023 and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year 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 Rabuor Sub-County Level 4 Hospital – County Government 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. Unreconciled Variances Between Financial Statements and Supporting Ledgers

Review of the statement of financial performance and statement of financial position revealed unreconciled variances between financial statements balances and the ledgers as outlined in the table below;

Financial Statements Component	Financial Statement Amount (Kshs.)	Supporting Ledger Amount (Kshs.)	Variance (Kshs.)
Transfers from County Government	2,021,724	1,153,896	867,828
Rendering of Service	3,333,535	846,370	2,487,165
Medical/ Clinical Costs	2,067,011	1,791,103	275,908
Employee Costs	946,600	710,000	236,600
Board of Management Expenses	78,000	54,500	23,500
Repairs and Maintenance	258,793	268,793	(10,000)
General Expenses	428,768	458,854	(30,086)
Medical Services Contracts Gains/Losses	-	2,168,995	(2,168,995)
Trade and other Payables	741,000	3,436,270	(2,695,270)

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

2. Inaccuracies of Receivables from Exchange Transactions Balance

The statement of financial position reflects an amount of Kshs.1,292,380 in respect of medical services receivables-NHIF as disclosed in Note 26 to the financial statements. However, review of corroborative records from National Health Insurance Fund (NHIF) indicated that the Fund owes the Hospital an amount of Kshs.3,792,730.00 resulting to an unreconciled variance of Kshs.2,500,350.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions could not be confirmed.

3. Non-Disclosure of In-Kind Contributions from the County Government

The statement of financial performance reflects a Nil amount in respect of in-kind contributions from the County Government. However, purchases of medical drugs of unknown value and salaries to eighteen (18) healthcare workers paid by the County Government of Kisumu on behalf of the Hospital were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the Nil amount for in-kind contributions from the County Government could not be confirmed.

4. Non-Disclosure of Donated Drugs

The statement of financial performance reflects Nil amount for grants from donors and development partners and transfers from other government entities. Further, review of data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital received donations from the Agency worth Kshs.7,068,026 and donations for Universal Health Coverage (UHC) programme worth Kshs.108,957 which were not disclosed in the financial statements. In addition, the Hospital received Global Fund commodities to fight Tuberculosis, HIV and Malaria which had not been disclosed in the financial statement.

In the circumstances, the accuracy and completeness of the Nil amounts for grants from donors and development partners and transfers from other government partners could not be confirmed.

5. Unreconciled Variances Between National Hospital Insurance Fund and Hospital Outstanding Claims

The statement of financial performance reflects a Nil amount for medical services contracts as disclosed in Note 25 to the financial statements. The amounts differ from claims reimbursed from the National Hospital Insurance Fund (NHIF) amount of Kshs.1,853,050 to Rabuor Sub-County Hospital as NHIF Refunds. However, the NHIF System at the Hospital reflect paid claims during the year under review of Kshs.1,243,800 resulting to an unreconciled difference of Kshs.609,250.

In the circumstances, the accuracy and completeness of revenue from medical services contracts could not be confirmed.

6. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects total net assets and liabilities balance of Kshs.2,656,825 which differs with total assets of Kshs.3,397,825 resulting into an unreconciled difference of Kshs.741,000. In addition, the statement did not disclose accumulated surplus and deficit balances as at 30 June, 2022 and 30 June, 2023 of Kshs.1,158,308 and Kshs.417,779 respectively.

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

7. Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance of Kshs.1,576,087 instead of a re-casted balance of Kshs.1,158,308 resulting in an unreconciled variance of Kshs.417,779.

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

8. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects Nil increase/ (decrease) in cash and cash equivalents instead of a re-casted balance of Kshs.1,576,087. In addition, the statement reflects cash and cash equivalents of Kshs.1,237,617 instead of a re-casted balance of Kshs.1,576,087. Further, the statement reflects Nil cash and cash equivalents as at 1 July, 2022 instead of Kshs.122,910 reflected as cash and cash equivalents as at 30 June, 2022.

Management did not disclose an amount of Kshs.1,853,050 received during the year as NHIF rebates in the statement of cash flows and the adjustments of changes in receivables from exchange transactions of Kshs.1,292,380 and Kshs.867,828 respectively and the change in trade and other payables of Kshs.741,000. Further, the statement of cash flows reflects Nil balance net increase/decrease in cash and cash equivalents for 2021/2022 instead of a re-casted negative balance of Kshs.417,779. In addition, the statement reflects cash and cash equivalents as at 1 July, 2021 of Kshs.540,689 which was not supported with respective cash books and bank reconciliations. Additionally, the brought forward cash & cash equivalents balance of Kshs.122,910 differs with the cash & cash equivalents balance reflected in the statement of financial position of Kshs.540,689 resulting into an unreconciled balance of Kshs.417,779.

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

9. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects a cash and cash equivalents balance of Kshs.1,237,617 as disclosed in Note 25 to the financial statements. However, bank reconciliation statements were not provided to support the balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,237,617 could not be confirmed.

10. Non- Disclosure of Property, Plant & Equipment Balance

The statement of financial position reflects a Nil property, plant and equipment balance as disclosed in Note 29 to the financial statements. However, review of records and physical verification revealed that the entity had several non-current assets that have not

been valued and disclosed in the financial statements. Further, ownership documents were not provided for audit.

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

11. Unconfirmed Inventory Balance

The statement of financial position reflects a Nil balance for inventories. However, no inventory valuation report and no evidence of conducting of the annual stock take to confirm the quantities, value and status of closing inventory balances were provided for audit.

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget amount of Kshs.5,355,259 and actual receipts of Kshs.4,487,431 resulting in an underfunding of Kshs.867,828 or 17% of the budget.

The underfunding affected planned activities and may have affected service delivery to the public.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There are no other 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 and 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-Conformity with the Prescribed Reporting Framework

The financial statements prepared and presented for audit did not conform to the prescribed reporting template due to the following observed anomalies;

- i. Key entity information and management did not disclose gazette notice number establishing the hospital as a Level 4 under background information.
- ii. The Board of Management and Key Management team key details e.g. passport photos, age, professional and academic qualifications have not been included in the financial statement.
- iii. The statement of performance and statement of financial position were approved by Head of Finance, however, the name and ICPAK number were not disclosed in the financial statements.
- iv. The statement of comparison of budget and actual amounts did not disclose any amounts for the original budget, final budget, and actual on comparable basis.
- v. The numbering of the notes indicated in the statement of financial performance, statement of financial position and statement of cash flows does not correspond to the numbering as per notes to the financial statements

In the circumstances, the presentation and disclosures of the financial statements were not in conformity with the Public Accounting Standards Board reporting template.

2. Non-Compliance with Universal Health Coverage (UHC) Requirements

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 (90) staff or 89% of the authorized establishment as indicated below.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	10	65	87

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Total	101	11	90	89

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 (%)
Bed Capacity	150	18	132	88
Incubators (Newborn)	5	0	5	100
Cots	5	2	3	60
Resuscitaire In Theatre	1	0	1	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theaters 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 may not be achieved.

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

3. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services-medical services income of Kshs.3,333,535 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account. This was contrary to Section 81 (1-3) of the Public Finance and Management (County Governments) Regulations, 2015.

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Lack of a Risk Management Policy

The Management of the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In the circumstances, it may not be possible for the Management to undertake risk management measures in achieving its objectives.

2. Failure to Maintain an Asset Register

The statement of financial position and Note 29 to the financial statements discloses Nil balance for the property and equipment held by the Hospital. Review of documents indicated that the Hospital owns land and buildings, office furniture and other Hospital equipment such as incubator, baby cots and labour ward resuscitators of undetermined value. However, the Hospital did not maintain a fixed asset register.

In the circumstances, the adequacy of the controls on assets could not be confirmed.

3. Lack of an Approved Board Work Plan

Review of Board of Management records revealed that two Board meetings were held during the year. However, no approved Board of Management Workplan was provided to support the meetings held during the year

In the circumstances, the effectiveness of internal controls and governance system could not be confirmed.

4. Lack of Audit Committee and Internal Audit Unit Function

During the year under review, Management had not established an audit committee as required by Regulation 167(1) of the Public Finance Management (County Governments)

Regulations, 2015 which indicates that each county government entity shall establish an audit committee for the hospital. In addition, Management had also failed to rely on the internal audit department of the County Government and no evidence that Internal Audit from the County Government had audited the entity.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

5. Weak Internal Controls on Collection and Management of Revenue

The statement of financial performance reflects revenue from rendering of services - medical service income of Kshs.3,333,535 as disclosed in Note 11 to the financial statements. However, a review of the Hospital systems and records revealed that the Hospital collects the revenue manually and issues manual receipts and does not bank the revenues promptly to the collection account.

In the circumstances, the existence of internal controls on collection and management of revenue 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 the 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 is responsible for assessing the Hospital's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

Nairobi

20 June, 2024

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,021,724	2,541,414
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	2,103,238
Public contributions and donations	10	0	0
		2,021,724	
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	3,333,535	74,190
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
		3,333,535	
Total revenue		5,355,259	4,718,842
Expenses			
Medical/Clinical costs	15	2,067,011	2,797,754
Employee costs	16	946,600	1,042,208
Board of Management Expenses	17	78,000	92,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	258,793	495,159
Grants and subsidies	20	0	0
General expenses	21	428,768	709,500
Finance costs	22	0	0
Total expenses		3,779,172	5,136,621
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
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Description	Note	2022/2023	2021/2022
		Kshs	Kshs
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		0	
Total other gains/(losses)		0	
Net Surplus / (Deficit) for the year		1,576,087	(417,779)

The Hospital's financial statements were approved by the Board on 29/9/23 and signed on its behalf by:

JANE RABURU

Chairman
Board of Management

[Signature]

Head of Finance
ICPAK No:

GUSINDI Omondi

Medical Superintendent

29/09/23

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

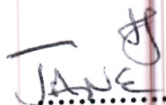
15. Statement of Financial Position As At 30th June 2023

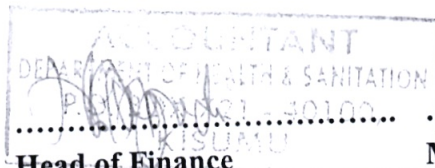
Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	25	1,237,617	540,689
Receivables from exchange transactions	26	1,292,380	0
Receivables from non-exchange transactions	27	867,828	0
Inventories	28	0	0
Total Current Assets		3,397,825	540,689
Non-current assets			
Property, plant, and equipment	29	0	0
Intangible assets	30	0	0
Investment property	31	0	0
Total Non-current Assets		0	0
Total assets		3,397,825	540,689
Liabilities			
Current liabilities			
Trade and other payables	32	741,000	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
Total Current Liabilities		741,000	0
Non-current liabilities			
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


Rabur Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Total Non-current liabilities		0	0
Total Liabilities		741,000	0
Net assets		2,656,825	
Revaluation reserve		0	0
Accumulated surplus/Deficit		0	0
Capital Fund		0	0
Total Net Assets and Liabilities		2,656,825	540,689

The Hospital's financial statements were approved by the Board on 29/9/23 and signed on its behalf by:


JANE RABURU
 Chairman
 Board of Management


Head of Finance
 ICPAK No:


Medical Superintendent

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(417,779)	-	(417,779)
Capital/Development grants	-	-	-	-
As at June 30, 2022	-	(417,779)	-	(417,779)
At July 1, 2023				
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,576,087	-	1,576,087
Capital/Development grants	-	-	-	-
At June 30, 2023	-	1,576,087	-	1,576,087

Rabuo Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,021,724	2,541,414
Grants from donors and development partners		0	0
Transfers from other Government entities		0	2,103,238
Public contributions and donations		0	0
Rendering of services- Medical Service Income		3,333,535	74,190
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts(<i>specify</i>)		0	0
Total Receipts		5,355,259	4,718,842
Payments			
Medical/Clinical costs		2,067,011	2,797,754
Employee costs		946,600	1,042,208
Board of Management Expenses		78,000	92,000
Repairs and maintenance		258,793	495,159
Grants and subsidies		0	0
General expenses		428,768	709,500
Finance costs		0	0
Refunds paid out		0	0
Total Payments		3,779,172	5,136,621
Net cash flows from operating activities	42	1,576,087	(417,779)
Cash flows from investing activities			
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
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
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Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents as at 1 July	25	0	540,689
Cash and cash equivalents as at 30 June 2023	25	1,237,617	122,910

18. 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	
Revenue						
Transfers from the County Government	2,021,724		2,021,724	1,153,896	867,828	57%
Grants from donors and development partners	0		0	0	0	100%
Transfers from other Government entities	0		0	0	0	100%
Public contributions and donations	0		0	0	0	100%
Rendering of services- Medical Service Income	3,333,535		3,333,535	3,333,535	0	100%
Revenue from rent of facilities	0		0	0	0	100%
Finance / interest income	0		0	0	0	100%
Miscellaneous receipts (<i>specify</i>)	0		0	0	0	100%
Total income	5,355,259		5,355,259	4,487,431		83%
Expenses						
Medical/Clinical costs	2,067,011		2,067,011	2,067,011	0	100%
Employee costs	946,600		946,600	946,600	0	100%
Remuneration of directors	78,000		78,000	78,000	0	100%
Repairs and maintenance	258,793		258,793	258,793	0	100%
Grants and subsidies	0		0	0	0	100%
General expenses	428,768		428,768	428,768	0	100%
Finance costs	0		0	0	0	100%
Refunds	0		0	0	0	100%
Surplus for the period	1,576,087				0	100%
Capital expenditure	5,355,259					%

:

19. Notes to the Financial Statements

1. General Information

Rabuor Sub County Level 4 Hospital is established by a gazette notice and derives its authority and accountability from Kisumu County Facility Improvement Fund Act, 2021 and the PFM Act, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide universal healthcare services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *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 2023

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

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
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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>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board. 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 hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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. 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)

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. *(Entity to state the reserves maintained and appropriate policies adopted.)*

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 202023

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Wages	205,000	1,042,208
Accrued wages	741,000	0
Employee costs	946,600	1,042,208

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Sitting allowance	78,000	92,000
Total	78,000	92,000

18. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	90,000	225,159
Motor vehicle expenses- ambulance	168,793	270,000
Total repairs and maintenance	258,793	495,159

Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Total grants and subsidies	0	0

19. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Other Fuels (charcoal, firewood)	54,350	63,000
General Office supplies	10,000	45,000
Bank charges		
Contracted security services	149,353	149,500
Contracted cleaning services	20,000	0
Electricity expenses	60,000	180,000
Travel and accommodation allowance	85,000	40,000

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Description	2022/2023	2021/2022
	Kshs	Kshs
Water and sewerage costs	8,565	22,000
Telephone and mobile phone services	36,500	30,000
Internet expenses	5,000	0
Total General Expenses	428,768	709,500

20. Finance Costs

Description	2022/2023	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
Total finance costs	0	0

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

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

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

22. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

23. Medical Services Contracts Gains /Losses

Description	2022/2023	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
Total Gain/Loss	0	0

24. Impairment Loss

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

25. Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	1,237,617	540,689
Total cash and cash equivalents	1,237,617	540,689

*Rabuo Subcounty Level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank Of Kenya	0102002397 5800	1,237,617	938,897
Grand total		1,237,617	938,897

26. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables - NHIF	1,292,380	0
Less: impairment allowance	(0)	(0)
Total receivables	1,292,380	0

Analysis of Receivables From Exchange Transactions

Description	2022/2023		2021/2022	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,292,380	100%		%
Total	1,292,380	%	xxx	%

27. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	867,828	0
Less: impairment allowance		
Total	867,828	

Analysis of Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs

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. *(Entity to state the reserves maintained and appropriate policies adopted.)*

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 202023

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	2,021,724	2,541,414
Other grants	0	
	0	
Conditional grants		
Total government grants and subsidies	2,021,724	2,541,414

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	2021/2022
			KShs	KShs	KShs
xx County Government	2,021,724	0	0	2,021,724	2,541,414
Total	2,021,724	0	0	2,021,724	2,541,414

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Medical supplies-Drawings Rights (KEMSA)	0	0
Total grants in kind	0	0

8. Grants From Donors and Development Partners

Description	2022/2023	2021/2022
	KShs	KShs
Total grants from development partners	0	0

9. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Total Transfers	0	2,103,238

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Total donations and sponsorships	0	0

11. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	290,420	74,190
Non-Pharmaceuticals		0
Laboratory	198,120	0
Inpatient	104,010	0
Physiotherapy	21,450	0
Outpatient treatment services	185,355	0
NHIF claims	2,536,180	0
Marwa Claims	0	0
Total revenue from the rendering of services	3,335,535	74,190

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12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2022/2023	2021/2022
	KShs	KShs
<i>Miscellaneous income</i>	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Laboratory chemicals and reagents	202,940	338,400
Food and Ration	475,160	315,500
Dressing and Non-Pharmaceuticals	530,200	384,718
Pharmaceutical supplies	435,795	1,434,936
Health information stationery	141,494	130,000
Sanitary and cleansing Materials	114,250	110,200
Refined Fuel - ambulance	157,172	0
Purchase of Medical equipment- Oxygen regulator	10,000	0
Total medical/ clinical costs	2,067,011	2,797,754

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Wages	205,000	1,042,208
Accrued wages	741,000	0
Employee costs	946,600	1,042,208

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Sitting allowance	78,000	92,000
Total	78,000	92,000

18. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	90,000	225,159
Motor vehicle expenses- ambulance	168,793	270,000
Total repairs and maintenance	258,793	495,159

Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Total grants and subsidies	0	0

19. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Other Fuels (charcoal, firewood)	54,350	63,000
General Office supplies	10,000	45,000
Bank charges		
Contracted security services	149,353	149,500
Contracted cleaning services	20,000	0
Electricity expenses	60,000	180,000
Travel and accommodation allowance	85,000	40,000

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
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Description	2022/2023	2021/2022
	Kshs	Kshs
Water and sewerage costs	8,565	22,000
Telephone and mobile phone services	36,500	30,000
Internet expenses	5,000	0
Total General Expenses	428,768	709,500

20. Finance Costs

Description	2022/2023	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
Total finance costs	0	0

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

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

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

22. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

23. Medical Services Contracts Gains /Losses

Description	2022/2023	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
Total Gain/Loss	0	0

24. Impairment Loss

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

25. Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	1,237,617	540,689
Total cash and cash equivalents	1,237,617	540,689

Rabur Subcounty Level 4 Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

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

Description Financial institution	Account number	2022/2023	2021/2022
		KShs	KShs
a) Current account			
National Bank Of Kenya	0102002397 5800	1,237,617	938,897
Grand total		1,237,617	938,897

26. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables - NHIF	1,292,380	0
Less: impairment allowance	(0)	(0)
Total receivables	1,292,380	0

Analysis of Receivables From Exchange Transactions

Description	2022/2023		2021/2022	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,292,380	100%		%
Total	1,292,380	%	xxx	%

27. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	867,828	0
Less: impairment allowance		
Total	867,828	

Analysis of Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs

	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	867,828	100%	0	%
Total (a+b)	867,828	100%	0	%

28. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	0	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
Total	0	0

Rabuo Subcounty Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

29. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022	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
At 30th Jun 2022	0	0	0	0	0	0	0	0
At 1 July 2023	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	0	0	0	0	0	0	0	0
At 30th Jun 2023	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2023		0	0	0	0	0		0
Depreciation for the year		0	0	0	0	0		0
Disposals		0	0	0	0	0		0
Impairment		0	0	0	0	0		0
At 30 June 2023		0	0	0	0	0		0
At July 2023	0	0	0	0	0	0	0	0

Notes to the Financial Statements (Continued)

34. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The 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.

ongoing)

35. Events after the Reporting Period

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

36. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Kisumu.

37. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

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.

.....
Handwritten signature
Accounting Officer

29 Sep 22

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							

Rabuor Subcounty Level 4 Hospital (Kisumu County Government)
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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 30th 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 th 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 th June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary entity:

Name *E. O. Njiru* Sign *[Signature]* Date *29/9/22*

ACCOUNTANT
 P.O. BOX 721 40100,
 KISUMU

Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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