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REPORT

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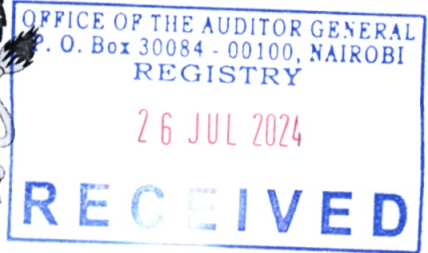
THE AUDITOR-GENERAL

ON

**SIGOMERE SUB-COUNTY
LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF SIAYA



**SIGOMERE SUB COUNTY Level 4 HOSPITAL
(Siaya County Government)**

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

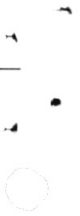


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I. Key Entity Information and Management

(a) Background information

Sigomere Sub-County Hospital is a level (4) hospital established under gazette notice number 87 and is domiciled in Siaya County under the County Health Services Department.

(b) Principal Activities

Services offered in Sigomere Sub County Hospital ranges from curative to preventive outpatient to inpatient services. Some of the departments available include:

1. Ultrasonography
2. Outpatient consultation
3. Laboratory with general and few specialized tests
4. Minor theatre/Casualty
5. MCH services including family planning
6. Maternity services
7. Inpatient services; paediatrician, general medical, surgical cases and partly gynecological cases.
8. Pharmacy department also available.

Vision

Sigomere Sub county Hospital shall strive to be the best Sub county Hospital with affordable accessible health care in a manner that exceeds patient expectations.

Mission

Our mission as Sigomere Sub county Hospital is to continuously improve health care for the public in collaboration with other stakeholders by evaluating healthcare organizations and inspiring them to excel in providing them to excel in providing safe and effective care of the highest quality and value.

Core Objectives

- Working together as a team for patients come first in everything we do.
- Respect and dignity to be given to our patients
- Commitment to quality health care
- Improving lives
- Everyone Counts
- Showing compassion to patients

(c) Key Management

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

- County department of health
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Mr. Boniface Outa
2.	Accountant	Mr. Edwin Oyindo
3.	Hospital Administrator	Mr. Mary Okwako

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the Sigomere Sub-County hospital for the period ended 30th June 2022 were:

- i. Audit committee
- ii. Siaya county assembly
- iii. Siaya county assembly Health committee

Entity Headquarters

SIGOMERE MARKET ROAD
P.O. Box 144-40600
SIAYA, KENYA

(f) Entity Contacts

Telephone: +254717197349
E-mail: sigomere hospital@gmail.com

(g) Entity Bankers

Kenya Commercial Bank
P. O Box 175-40606
UGUNJA, SIAYA

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

(j) County Attorney

P.O. Box.803-40600
Siaya County Headquarters
Siaya, Kenya





Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SDG	Sustainable Development Goals
OPD	Out Patient Department
CHS	Centre for Health Solutions
KEMRI	Kenya Medical Research Institute
ISO	International Standard Organization
NGO	Non Governmental Organization
MCA	Member of County Assembly
HMT	Hospital Management Team
NHIF	National Insurance Fund
CIDP	County Integrated Development Plan
IPSAS	International Public Sector Accounting Standard
HBA	Adult hemoglobin
SCH	Sub County Hospital
PPE	Personal Protective Equipment
PFM	Public Finance Management
NIUPLAN	Nairobi Integrated Urban Management Master Plan

I. The Board of Management

During the year under review the facility did not have an active Board of management this because the term of services of the previous board had expired. In the subsequent year (FY 2022-2023) endeavour to establish the board of management.

II. Management Team

Management		Qualification
1. MEDICAL SUPERINTENDENT OUSBORN ODHIAMBO		-BSC Clinician
2. HOSPITAL ACCOUNTANT CAROLYNE OMONDI		-BBM Finance -CPA PART 2
3. HOSPITAL ADMINISTRATOR MARY OKWAKO		Diploma in Administration
4. NURSING INCHARGE REBECA AMUKOYA		-KRCHN

III. Chairman's Statement

During the year under review the facility did not have an active Board of management this because the term of services of the previous board had expired. In the subsequent year (FY 2022-2023) endeavour to establish the board of management.

IV. Report of The Chief Executive Officer

CHIEF EXECUTIVE OFFICER REPORT

Sigomere Sub-County Hospital is a level 4 hospital in Ugunja Sub County, Siaya County. It was made a level 4 in 2014 under county government of Siaya. It has had 5 medical superintendents. The changes made on need basis. It's improved from dispensary with one room to the hospital with multi-building it is today.

Its staffing include clinical officers, nurses, laboratory technicians, public health officers, health records, health administrators, revenue clerks, pharmacy technologist and many more. It offers both preventive and curative services and runs for 24 hours. Both duties covered by technical staff as necessary. Major challenges for the facility include:

- 1. Staffing*
- 2. Infrastructure*
- 3. Funding/ Income.*

Major facelift needed though the finances are not adequate that necessitating the partnership with the government, NGO, and even FBOs where necessary to offer the desired services and even aid in improving the quality and availability of the services.

Sign: DUJIBORN ODHAMB O
Medical Superintendant



V. Statement of Performance Against Predetermined Objectives

As a requirement by PFMA of 2012, Sigomere sub county Hospital as an entity would wish to state their achievements against our desires for the period of reporting. We as a facility might not have achieved much but do state that parts of goals were achieved thanks to the facility management, the staff and community for their unwavering support.

Strategic Development Objectives

The facility has identified 5 important areas of improvement over the period in question;

1. Staffing
2. Infrastructure
3. Community facility partnership
4. Commodity supply and availability
5. Enhance quality of care

The above thematic areas of improvement were reached at though consultations and pragmatic engagements with the;

- Hospital Management team
- Community leadership/local administration
- Political players
- Religious leaders
- County Health department

The strategic development objectives strongly are aligned to the Health pillar of the Sigomere sub county hospital and this helps ensure sustainability of the project despite change of hospital Management. Targets set for the facility include;

1. Improve on the outpatient coverage
2. Enhance service menu at the laboratory
3. Enhance staffing to improve on service delivery
4. Provision of adequate diagnostic equipment for the facility
5. To have self-sustainable inpatient with its own staffing
6. Integration of HIV/TB care into the mainstream of service delivery
7. Improve on availability of drugs and non-pharmaceuticals

Important to note is that despite not achieving all the objectives we can comfortably note that;

1. During our budgeting we are continuously made it a priority to consider laboratory, pharmacy and non-pharmaceuticals as a priority area hence ensuring that our supplies don't run out, often though still much need to be done bearing in mind of the financial constraints faced by the facility.
2. On improvement of facility coverage we have sustained the push and today our coverage is from 17432 to 20052 persons who make it an achievement for the facility and our prayer is sustain the push.
3. Our integration of services is at its best with both general patients and those on care being seen from the same consultation room and quality and stigma issues are well addressed.
4. Service menu has been improved at the lab from common test to specialized test including-FGH, HBAIC and even PSA and our desire is to improve further.
5. On staffing through the support of Siaya county government and facility Management, our staffing has improved from –
 - 7 nurses to 12
 - 3 RCO to 5
 - 2 Lab technicians to 5

-2 HRIOs to 4 just to mention but a few

With proper management we envisage that we are going to witness tremendous improvements on quality of care and even staff welfare well taken care of .

Despite grey areas, we are determined towards developing a standard strategic plan for the facility that will help us evaluate our progress and even push us further to deliver on our mandate on provision of quality, affordable and sustainable health care for all.

VI. Corporate Governance Statement

During the year under review the facility did not have an active Board of management this because the term of services of the previous board had expired. In the subsequent year (FY 2022-2023) endeavour to establish the board of management.

VII. Management Discussion and Analysis

It is my pleasure to present the financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the Sigomere Sub county Hospital over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Section A

The entity's operational and financial performance

The Hospital has seen a growth in revenue trends over the past periods. During the year, the facility raised a total of Kshs. 11,571,105.00 as revenues and a total of Kshs. 10,528,495 was incurred as expenditures.

Section B

Entity's compliance with statutory requirements

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

Section C

Major risks facing the entity

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

Section D

Material arrears in statutory/financial obligations

During the reporting period, the hospital accrued a total of Kshs.3,396,432 as pending bills.

Section E

There were no governance issues noted during the period.

VIII. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

Sigomere Sub-County Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving own source revenue collection and sourcing for local service providers. In consultative planning and budgeting process, the county has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The county has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the county. These efforts are aimed at boosting the fiscal resource basket of the county that is largely supported by the exchequer from the National Government. In the end, the county is also promoting sourcing of services from local providers with an objective of 'buying Siaya building Siaya'. This translates to promoting local goods and services that will ultimately build the local economy.

While implementing the above sustainability priorities, there are broad political and macroeconomic trends from the National outlook that are likely to affect their realization. The major macroeconomic trend projected is high cost of inflation in the country. The high inflation rate will affect the cost of living and production cost that will negatively affect the business environment and eventually own source revenue collection. Similarly, the country is also headed in the electioneering period and the political environment interfere with the sustainability priorities. Notwithstanding, the county will align its policies to adjust to the microeconomic conditions and implement succession management plan in the transition period to manage the political environment.

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

2. Environmental performance

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

3. Employee welfare

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

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

4. Market place practices-

In 2019, Sigomere sub county hospital was declared a corruption free zone after engagements with Ethics and Anti-corruption commission. Sigomere sub county hospital advocates for fairness in service provision, resource allocation, open bidding, evaluation and awarding of tenders to suppliers. All advertisement of tenders and communications are done through the County Government website and official social media platforms. The Health department has fully embraced the e-procurement system to help in the tendering process. To successful suppliers, the county makes timely payment of goods and services delivered and made efforts of settling pending bills owed to creditors. Sigomere Sub County Hospital is expected to have quality goods and services despite not having a quality assurance unit to check on standards. Nonetheless, the process of ISO certification is on course.

5. Community Engagements-

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

IX. Report of The Board of Management

During the year under review the facility did not have an active Board of management this because the term of services of the previous board had expired. In the subsequent year (FY 2022-2023) endeavour to establish the board of management

X. 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 Sigomere Sub county hospital, which give a true and fair view of the state of affairs of Sigomere Sub county hospital at the end of the financial year/period and the operating results of Sigomere Sub county hospital for that year/period. The Board of Management is also required to ensure that Sigomere Sub county hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Sigomere Sub county hospital. The council members are also responsible for safeguarding the assets of Sigomere Sub county hospital

The Board of Management is responsible for the preparation and presentation of Sigomere Sub county hospital financial statements, which give a true and fair view of the state of affairs of Sigomere Sub county hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Sigomere Sub county hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Hospital management team on 22/7/24 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management

OLUBORN ODHAMBO
.....
Name:
Accounting Officer



REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SIGOMERE SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF SIAYA

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Sigomere Level 4 Hospital - County Government of Siaya set out on pages 1 to 50, which comprise of the statement

of financial position as at 30 June, 2022, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 30 June, 2022 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 Sigomere Level 4 Hospital - County Government of Siaya as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards/International Public Sector Accounting Standards Accrual Basis and comply with the Health Act, 2017, the County Government Act, 2012 and with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs amount of Kshs.2,881,810 for casuals and contractual staff as disclosed in Note 16 to the financial statements. The Hospital received services from thirty-seven (37) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of employee costs of Kshs.2,881,810 could not be confirmed.

2. Inaccuracies in Receivables from Exchange and Non-Exchange Transactions

The statement of financial position reflects a Nil receivable from exchange transactions balance. However, National Hospital Insurance Fund (NHIF) records indicate a balance of Kshs.153,194 which has not been disclosed.

In the circumstances, the accuracy of the Nil receivable from exchange transactions balance could be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

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

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

4. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.11,128,517 and Universal Health Coverage of Kshs.671,027 but were not disclosed in the financial statements.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering of services - medical services income of Kshs.6,870,160 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of the Public Finance Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Procurement Irregularities

The statement of financial performance reflects total expenses of Kshs.10,528,495. Included in this amount is an amount of Kshs.4,643,212 in respect of medical costs, general expenses and repairs and maintenance as tabulated below;

Item	Description	Description	Amount (Kshs)
Medical Costs	Laboratory Chemicals	Reagents	905,900
Medical Costs	Food and Ration	Food stuff	1,745,187
Medical Costs	Non- Pharmaceuticals	Dressing	393,260
General Expenses	General expenses	General exp	1,460,460
Repairs and Maintenance	General Repairs	Buildings	138,405
Total			4,643,212

The following anomalies were noted:

- i. The Hospital did not have an established procurement function and neither was there a procurement plan to guide its procurement undertakings;
- ii. The Hospital did not follow the right procurement process of goods and services worth Kshs.4,643,212 as shown above instead direct procurement was used where a few selected suppliers were awarded contract for supply of food and ration in contravention to Section 106(2)(b) of the Public Procurement and Asset Disposal Act, 2015 on promoting competition;
- iii. There were no user departmental requests for food and ration and general repairs; and
- iv. The pre and post repairs and maintenance reports were not attached to verify that actually the repairs took place.

In the circumstances, Management was in breach of the procurement law and value for money on the above procurements could not be confirmed.

3. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects actual amounts of Kshs.11,571,105 for revenue and actual expenditure of Kshs.10,528,492. However, the column for budget amounts was not populated. Further, the Hospital did not provide the annual approved budget for audit. This was contrary to Regulation 29(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

4. Long Outstanding Trade Payables Balance

The statement of financial position and Note 34 to the financial statement reflects a trade payables balance of Kshs.3,396,432. However, these payables have been outstanding

for as earlier as year 2019 and there was no evidence of the efforts made by the management to clear the same.

In the circumstances, delay in settling bills may attract legal cases, interest in case of disputes and affects the following year's budget.

5. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety (90) staff requirements or 89 % of the authorized establishment.

Staff Requirements	Level 4 Standard	Actual Numbers	Deficit	Percentage %
Medical Officers	16	0	16	100
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	11	65	85
Total	101	11	90	89

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

Equipment/Machine	Level 4 Standard	Actual Numbers	Deficit	Percentage Deficit %
Bed Capacity	150	33	117	78
Incubators (New-Born)	5	0	5	100
Cots	5	2	3	60
Resuscitaire in Theatre	1	0	1	100
Resuscitaire in Labour Ward	2	0	2	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 Theatres Maternity and General	2	0	2	100

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care may not be achieved.

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

The audit was conducted in accordance with the 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on 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 Hospital Management Board

During the year under review the facility did not have Board of Management in place whose purpose is oversight, promoting development, approving plans, programs and estimates for implementing county health strategies in the Hospital, and controlling the administration of the funds.

In the circumstances, the Hospital's oversight and governance has not been effective without the Board of Management.

2. Lack of an Internal Audit Unit

The Hospital has not established an audit committee and internal audit function which was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities governance process, accountability process and control systems, offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed

3. Lack of Policy Documents

Review of the documents and records of Sigomere Sub-County Hospital revealed that the Hospital does not have in place a Strategic plan, Operational plan, risk management policy, disaster management and recovery policy, ICT Policy and finance policy among others.

In the circumstances, failure to have policy documents may lead to weak internal controls and failure to prevent or detect fraud.

4. Control Weaknesses in Assets Management

The statement of financial position reflects a Nil balance in respect to property, plant, equipment. However, review of records provided and physical verification of assets revealed the following unsatisfactory matters concerning the management of non-current assets.

- i. Management did not maintain a fixed asset register in the prescribed format contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. The register lacked identification or serial numbers, acquisition date, description of asset, location, class and cost of acquisition.
- ii. The register of land and buildings did not have a recording of the land and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, leasehold terms, maintenance contracts and other pertinent management details.
- iii. The assets of the Hospital were not tagged/ coded to ensure ease of identification, tracking and affirming ownership.
- iv. Some of the building structures within the compound pose health hazards to staff and patients as they are in a dilapidated state and are no longer in use and should be marked for demolition.
- v. The Management omitted the Hospital's furniture, fittings and various office equipment from the asset register and to this extent the asset register was incomplete.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

The audit was conducted in accordance with the 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 the Management and the 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 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 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 judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 July, 2024

Sigomere Sub-County Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	4,700,945.00	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		-	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	6,870,160	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income	14	-	-
Revenue from exchange transactions			-
Total revenue		11,571,105.00	-
Expenses			
Medical/Clinical costs	15	5,355,927.00	
Employee costs	16	2,881,810.00	
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	199,955.00	
Grants and subsidies	20	947,818.00	
General expenses	21	1,120,460.00	
Finance costs	22	22,522.00	
Total expenses		10,528,495.00	
Other gains/ (losses)			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		

Sigomere Sub-County Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)			-
Net Surplus for the year			1,042,610.00
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The Hospital's financial statements were approved by the hospital management team on 22/7/24. and signed on its behalf by:

.....

Chairman
Board of Management

CAROLYN E. OMONDI.....

Head of Finance
ICPAK No:

[Signature]

DUSBORN ODHIAMBO.....

Medical Superintendent



*Sigomere Sub-County Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022*

XIII. Statement of Financial Position as of 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,218,958.00	
Receivables from exchange transactions	27		
Receivables from non-exchange transactions	28		
Inventories	29	3,220,084.00	
Total Current Assets		4,439,042.00	
Non-current assets			
Property, plant, and equipment	30		
Intangible assets	31		
Investment property	32		
Total Non-current Assets		-	
Total assets		4,439,042.00	
Liabilities			
Current liabilities			
Refundable deposits from customers/Patients	33		
Trade payables	34	3,396,432.00	
Provisions	35		
Finance lease obligation	36		
Current portion of deferred income	37		
Current portion of borrowings	38		
Total Current Liabilities		3,396,432.00	
Non-current liabilities			
Provisions	39		
Non-Current Finance lease obligation	36		
Non-Current portion of deferred income	37		
Non - Current portion of borrowings	38		
Service concession liability	39		
Total Non-current liabilities		00	
Total Liabilities		3,396,432.00	
Net assets		1,042,610.00	
Revaluation reserve		00	
Accumulated surplus/Deficit		1,042,610.00	
Capital fund		00	
Total Capital Fund		1,042,610.00	
Total Net Assets and Liabilities		1,042,610.00	

Sigomere Sub-County Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The Hospital's financial statements were approved by the hospital management team on 22/7/24 and signed on its behalf by:

.....
Chairman
Board of Management

CAROLINE DMWADI.....

Head of Finance
ICPAK No:

Stepina

DUSBERA OTHORO.....

Medical Superintendent



XIV. Statement of Changes in Net Asset for The Year Ended 30 June 2022

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-			-
Revaluation gain				-
Surplus/(deficit) for the year				-
Capital/Development grants				-
As at June 30, 2021		-		
				-
At July 1, 2021		-		
Revaluation gain				-
Surplus/(deficit) for the year		1,042,610.00		1,042,610.00
Capital/Development grants				-
At June 30, 2022		1,042,610.00		1,042,610.00

XV. Statement of Cash Flows for The Year Ended 30 June 2022

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities		-	
Receipts		-	
Transfers from the County Government	7		
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations		-	
Rendering of services- Medical Service Income	11	6,870,160.00	
Revenue from rent of facilities		-	
Finance / interest income			
Other receipts(specify)			
Total Receipts		6,870,160.00	
Payments			
Medical/Clinical costs	15	3,536,795.00	
Employee costs	16		
Board of Management Expenses			
Repairs and maintenance	19	199,955.00	
Grants and subsidies	20	947,818.00	
General expenses	21	1,120,460.00	
Finance costs	22	22,522.00	
Refunds paid out			
Total Payments		5,827,550.00	
Net cash flows from/(used in)operating activities		1,042,610.00	
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net cash flows from /(used in) investing activities			
Cashflows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows from /(used in) financing activities			
Net increase/(decrease)in cash and cash equivalents		1,042,610.000	
Cash and cash equivalents at 30th June 2021	27	353,814.0	
Cash and cash equivalents at 31st June 2022	27	1,218,957.00	

Sigomere Sub-County Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The notes set out on pages 10 to 54 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Hospital management team on 22/7/24 and signed on its behalf by:

.....
Chairman
Board of Management

CAROLINE OMONDI
.....
[Signature]
Head of Finance
ICPAK No:

DUSBORN ODHAMBO
.....
Medical Superintendent



XVI. Statement of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	a	B	c=(a+b)	D	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from the County Government	-	-		4,700,945.00	
Grants from donors and development partners					
Transfers from other Government entities					
Public contributions and donations					
Rendering of services- Medical Service Income	0	-	0	6,870,160.00	92
Revenue from rent of facilities					
Finance / interest income					
Other receipts (specify)					
Total income	0	-	0	11,571,105.00	92
Expenses					
Medical/Clinical costs	0	-	0	5,355,927.00	79
Employee costs	0	-	0	2,881,800.00	-
Remuneration of directors					
Repairs and maintenance	00	-	00	199,955.00	27
Grants and subsidies	-		-	947,818.00	
General expenses	00	-	00	1,120,460.00	44
Finance costs	00		00	22,522.00	77
Refunds					-
Total expenditure	00	-	00	10,528,927.00	76
Surplus for the period	-	-	-	1,042,610.00	

Budget notes

1. There were no changes between the original and final budget.

The notes set out on pages 10 to 54 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Hospital management team on 22/7/24 and signed on its behalf by:

.....
Chairman
Board of Management

CAROLINE OMONDI
.....
Head of Finance
ICPAK No:
[Signature]

DUNBORN ODHAMBO
.....
Medical Superintendent



XVII. Notes To the Financial Statements

1. General Information

Sigomere Sub Hospital entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is.

2. Statement of Compliance And Basis Of Preparation

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

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards.

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<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>
Other improvements to IPSAS	<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"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

*Sigomere Sub-County Hospital Level 4 Hospital (Siaya County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022*

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services, and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/22 was approved by Hospital Management Team on 25th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2021-22 budget following the Hospital Management Team approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or amenity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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.

j) 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.

Notes to the Financial Statements (Continued)

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

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.

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.

k) 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.)*

l) 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.

m) 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.

Notes to the Financial Statements (Continued)

n) 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.

o) 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.

p) 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.

q) 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.

Notes to the Financial Statements (Continued)

r) 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.

s) Comparative figures

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

t) 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, 2022.

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)

Notes to the Financial Statements (Continued)

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 .

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.

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6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional Grants		
Operational Grant		-
Level 5 Grants		-
Other Grants	-	-
		-
Conditional Grants		
User Fee Forgone		-
Transforming Health Services For Universal Care Project (THUCP)	-	-
DANIDA	-	-
Wards Development Grant	-	-
Paediatric Block Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Total Government Grants And Subsidies		-

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	2,881,810.00	
Pharmaceutical and Non-Pharmaceutical Supplies	809,403.00	
Medical supplies-Drawings Rights (KEMSA)	680,050.00	
Laboratory	329,682.00	
Total grants in kind	4,700,945.00	

8. Grants From Donors and Development Partners

Description	2021/22	2020/21
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		

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Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

9. Transfers From Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from National Hospital		
Transfer from Institute		
Total Transfers		

10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships		

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10 (a) Reconciliations of amortised grants

Description	2021/22	2020/21
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

11. Rendering of Services-Medical Service Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Pharmaceuticals	1,153,860.00	
Non-Pharmaceuticals		
Laboratory	1,004,220.00	
Radiology	91,600.00	
Orthopedic and Trauma Technology		
Theatre		
Dental services		
NHIF Rebates/Linda Mama	3,847,340.00	
REC(Special AIE for Pending bills)		
Mortuary		
Out Patient	191,680.00	
Medical Records	129,820.00	
Physiotherapy		
Clinics		
Medical Records		
Inpatient	451,640.00	
Ambulance		
Total revenue from the rendering of services	6,870,160.00	-

12. Revenue From Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property		
Commercial property		
Total Revenue from rent of facilities		

13. Finance /Interest Income

Description	2021/22	2020/21
	KShs	KShs

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Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

14. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Total other in come		

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	577,703.00	
Public health activities		
Food and Ration	2,708,120.00	
Dressing and Non-Pharmaceuticals	1,171,893.00	
Uniform, clothing and linen		
Pharmaceutical supplies	898,211.00	

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Health information stationery		
Sanitary and cleansing Materials		
Purchase of Medical gases		
X-Ray/Radiology supplies		
Other medical related clinical costs (specify)		
Nutrition		
Total medical/ clinical costs	5,355,927.00	

16. Employee Costs

Description	2021/22 KShs	2020/21 KShs
Salaries, wages, and allowances	2,881,800.00	-
Contributions to pension schemes		-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	2,881,800.00	-

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17. Board of Management Expenses

Description	2021/22 KShs	2020/21 KShs
Chairman's Honoraria	0	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	0	

18. Depreciation And Amortization Expense

Description	2021/22 KShs	2020/21 KShs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. Repairs And Maintenance

Description	2021/22 KShs	2020/21 KShs
Property- Buildings	159,955.00	-
Medical equipment		-
Office equipment		-
Plant and Machinery		-
Furniture and fittings	40,000.00	-
Computers and accessories		-
Motor vehicle expenses		-
Maintenance of civil works		-
Total repairs and maintenance	199,955.00	

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20. Grants And Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Transfers to the County Health HSSF Account	947,818.00	-
Total grants and subsidies	947,818.00	-

21. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	-	
Other Fuel (charcoal , firewood)	49,000.00	
Waste management expenses	-	
Insecticides and rodenticides	-	
Fuel and lubricants	79,000.00	
Bank charges		
Conferences and delegations		
Consultancy fees		
Electricity expenses	261,270.00	
Insurance		
Research and development expenses		
Travel and accommodation allowance	48,000.00	
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery		
Hire charges		
General office expenses	557,190.00	
Water and sewerage costs	108,000.00	
Purchase of Office furniture		
Telephone and mobile phone services	18,000.00	

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Description	2021/22	2020/21
	KShs	KShs
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials	-	
Parking charges	-	
Total General Expenses	1,120,460.00	

22. Finance Costs

Description	2021/22	2020/21
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Bank Charges	22,522.00	
Interest on loans from commercial banks		
Total finance costs	22,522.00	

23. Gain/Loss On Disposal Of Non-Current Assets

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised (<i>specify</i>)		
Total gain on sale of assets		

24. Unrealized Gain On Fair Value Investments

Description	2021/22	2020/21
	KShs	KShs
Investments at fair value		
Total gain		

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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	00	
Non- Comprehensive contracts care with NHIF	00	
Linda Mama Program	00	
Waivers and Exemptions	00	
Total Gain/Loss		

26. Impairment Loss

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Total impairment loss		

27. Cash And Cash Equivalentents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	1,218,957.00	
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalentents	1,218,957.00	

Notes to the Financial Statements (Continued)

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

Description		Period ended 30th June 2022	Prior Year audited
Financial institution	Account number	Kshs	Kshs
a) Current account			
Sigomere Health Centre	1162169087	1,047,885.85	
Sigomere Health Centre	1106089049	171,071.85	
			-
Sub- total		1,218,957.70	
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank –etc		-	-
Sub- total			
c) Fixed deposits account			
Bank Name		-	-
Sub- total			
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total			
Grand total		1,218,957.70	

28. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables		
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables		

29. Receivables From Non-Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Transfers from the County Government	0	
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total	0	

30. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	768,894.00	
Laboratory supplies	1,042,052.00	
Non Pharmaceutical supplies	1,409,138.00	
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	3,220,084.00	

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31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020								
Additions								
Disposals								
Transfers/adjustments								
At 30th June 2021								
At 1 st July 2021								
Additions								
Disposals								
Transfer/adjustments								
At 30th June 2022								
Depreciation and impairment								
At 1 July 2020								
Depreciation for the year								
Disposals								
Impairment								
At 30 June 2021								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2021								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2022								
Net book values								
At 30 th June 2021								
At 30 th June 2022								

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
Cost		
At beginning of the year		
Additions		
Additions-Internal development		
Disposal		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year		
NBV		

33. Investment Property

Description	2021/22	2020/21
	KShs	KShs
At beginning of the year		
Additions		
Fair value gain		
Depreciation (<i>where investment property is at cost</i>)		
At end of the year		

34. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	3,396,432.00	
Employee dues		
Third-party payments (<i>unremitted payroll deductions</i>)		
Audit fee		
Doctors' fee		
Total trade and other payables	3,396,432.00	

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Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance		
Credit facility deposit		
Rent deposits		
Others (<i>specify</i>)		
Total deposits		

36. Provisions

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

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

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Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22	2020/21
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

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

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

39. Borrowings

Description	2021/22	2020/21
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period		

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Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total		

40. Service Concession Arrangements

Description	2021/22	2020/21
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

41. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities		

Notes to the Financial Statements (Continued)

42. 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:

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Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2022				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

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

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

The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2022				
Trade payables			3,396,432.00	3,396,432.00
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			3,396,432.00	3,396,432.00

(iii) Market risk

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

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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%		
USD	10%		
2022			
Euro	10%		
USD	10%		

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

43. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

Government of Kenya

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

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Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to		
Sales of services		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		
Payments for goods and services for		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

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Notes to the Financial Statements (Continued)

44. Segment Information

45. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case against the company		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

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

49. Currency

The financial statements are presented in Kenya Shillings (Kshs).

XVIII. 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)

BURBORN ODHIAMBO

Accounting Officer

(To be signed by the accounting officer of the Hospital)



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**APPENDIX II: Projects Implemented by The Entity
Projects**

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

APPENDIX IV: 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 2022 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 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total							

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

Head of Accountants department of beneficiary entity:

Name Sign Date.....

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

APPEND IX Disaster Expenditure Reporting Template

Date:						
Entity:						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments