

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BANISA SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF MANDERA

25/09/24
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KENYA

13 MAY 2024



**Banisa Sub - County Hospital
(Mandera County Government)**

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 Banisa Sub County Hospital Information and Management

(a) Background information

Banisa Sub County Hospital is a level (4) hospital domiciled in Mandera County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide health care services to patients within Banisa Sub County and beyond.

Vision

Have an efficient, high quality health care system that accessible, equitable and affordable for every Kenyan in Mandera County.

Mission

Is to promote and lead in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans.

Core Values

The core values of Banisa sub county County Hospital

- Commitment – We are committed to assisting our people access quality healthcare
- Accountability – We believe it is our responsibility to be good agents in the efficient and effective use of Material, Human and Financial resources
- Respect– We are culturally sensitive, value dignity and respect the will of our people
- Integrity – We believe our health services should be delivered in an ethical, trustworthy and transparent way.
- Impartiality – We are unbiased and welcome innovative ideas to move our healthcare system to the highest level possible.

(c) Key Management

The hospital management is under the following key organs:

County department of health

Ensure universal access to quality health services consisting of promotive, preventive, curative and rehabilitative services to all people in the county.

Accounting Officer/ Medical Superintendent

He/She supervises the working of all medical staffs in the facility and also supervises all financial matters of the facility.

Management

They are technical team which plans, implements, supervises, and controls the delivery of health services in the sub counties.

Others: Department of treasury –

Facilitate the payments process of the facility and advises the medical superintendent on financial matters.

(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	Dr. Abdullahi Ibrahim Ismail
2.	Head of finance	Mr. Ali Ibrahim Adan
3.	Head of supply chain	Mr. Mohamed Hussein Adan
4.	Hospital Administrator	Mr. Adan Abdi Ibrahim
5.	Head of nursing department	Mr. Samuel Mwita Mburugu

(e) Fiduciary Oversight Arrangements

i) Clinical Research and Standards Committee.

Review any changes on policy issues on standards, quality assurance and research Liaise with the medical advisory committee on matters of quality health service. Identifying health care service problem in the hospital and ensuring that they resolve.

ii) Audit committee

Monitory and reviewing the effectiveness of the hospital's internal audit function;
 Reviewing quarterly, semi-annually and annual financial statements before submission to the board.
 Reviewing the performance, objectivity and independence of external auditors;
 Consideration of audit findings by external auditors.

iii) Risk Committee

Approval of applicable risk policies and review of certain associated frameworks, analysis and reporting established by the management. They also oversees reputational risks and conduct risks within its scope of responsibility

iv) County Assembly

Considers all matters relating to health sector at council of governors. Investigate, inquire into, and report on all matters relating to the mandate, management, activities, admiration, operation and estimate of assigned departments.

v) Parliamentary committees

Parliamentary health committee consider all matters relating to medical and public health and sanitation.

vi) Other oversight committees

Other oversight committees is quality assurance committee. They are responsible of reviewing and recommending a multi- year strategic quality plan with long – term and annual improvement targets.
 Reviewing and recommending quality/safety – related policies and standards.

(f) Banisa Sub County hospital headquarter

P.O. Box 75-70303,
TAKABA
MANDERA, KENYA

(g) Banisa Sub County Hospital Contacts

Telephone: (+254) 0795466695/0720982423
E-mail: banisasubcountyhospital.go.ke
Website: www.go.ke

(h) Banisa Sub County Hospital Bankers

Equity bank limited
P.O. BOX 536 – 70300,
Mandera, Kenya

(i) Independent Auditors

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



(j) Principal Legal Adviser




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

(k) County Attorney




P.O. Box. 13 - 70300
Mandera, Kenya

II. The Board of Management

Ref	Directors	Details
1.	 <p>Mr. Adow Ibrahim Mohamed He holds Bachelor degree in business management.</p>	<p>Adow Ibrahim Mohamed - CCO Medical services</p> <p>Adow holds a Bachelor of business management degree.</p> <p>He brings over 20 years' experience from private sector from middle level to high management level. Adow strives has strived through own initiatives in acquiring more knowledge, experience and skills thus keeping up with ever increasing professional dynamics.</p>
2.	 <p>Dr. Abdullahi Ibrahim Ismail He holds bachelor of medicine and surgery.</p>	<p>Dr. Abdullahi Ibrahim Ismail – Medical superintendent Banisa Sub County Hospital.</p> <p>He holds bachelor of medicine and surgery from Nile valley university in Sudan.</p> <p>He worked as medical intern in Moi County referral hospital at Voi. He worked with Ngo in Somali as General doctor and he also worked as medical doctor at Takaba sub county referral hospital before he was transferred to Banisa Sub County Hospital as medical superintendent.</p>

<p>3.</p>	 <p>Mr. Adan Abdi Ibrahim He holds bachelor degree in commerce</p>	<p>Mr. Adan Abdi Ibrahim – Hospital administrator Banisa Sub County hospital. He holds bachelor degree in commerce – accounting option from Mount Kenya University. Worked as clerk of district Commissioner (DC) for a period of four years, he also worked with save the children as well as action against hunger.</p>
<p>4.</p>	 <p>Mr. Ali Ibrahim Adan He holds Bachelor Degree in Commerce – Accounting option.</p>	<p>Mr. Ali Ibrahim Adan - Accountant in charge Banisa sub county hospital since September 2021. He holds bachelor degree in commerce specialized in accounting option from Mount Kenya University. He worked also as an Accountant in charge at Elwak Referral Hospital from march 2021- August 2021.</p>
<p>4</p>	 <p>Mr. Smual Mwita Mburugu He holds diploma in Community Health and Nursing.</p>	<p>Mr. Samuel Mwita Mburugu – Nursing officer in charge Banisa sub county Hospital. He holds diploma in community health and nursing from Kenya medical training college. He worked in medical field for the last 30 years as community health nurse. Before he was transferred to Banisa Sub county Hospital he was working at Rhamu sub county hospital as nursing in charge.</p>

III. Management Team

Ref	Management	Details
1.	 <p>Dr. Abdullahi Ibrahim Ismail He holds bachelor of medicine and surgery</p>	Medical Superintendent
2.	 <p>Mr. Adan Abdi Ibrahim He holds bachelor degree in commerce – accounting option.</p>	Hospital administrator
3.	 <p>Mr. Ali Ibrahim Adan He holds Bachelor Degree in commerce – accounting option</p>	Accountant in charge

IV. Chairman's Statement

It is my pleasure to present Banisa sub county Hospital's 2021/2022 annual report and Financial Statement. The Board of Management is proud of the achievements realized by the hospital in this period towards achieving hospital goals. I am particularly impressed by the "can do attitude" of staff coupled with their commitment to delivering the best possible service to patients. Banisa Sub County as the public Hospital of choice in Banisa Sub County and beyond, offers quality specialized health care to patients within Banisa Sub County.

The year 2021/2022 reaffirmed our strong sense of purpose in delivering high quality, personalized care with sharp edge of innovations. Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

Banisa Sub County Hospital in the health sector, the Board is committed to ensure continued quality service delivery to the citizens. The Hospital's operations are also influenced by various global, regional and national strategies aimed at promoting, restoring, and maintaining the health care service delivery.

Strategy and Performance During the period under review, the hospital completed the implementation of the 1st Banisa sub county Hospital Annual Report and Financial Statements for the Year Ended June 30, 2021/2022.

Further, I am happy to report that the Management not only achieved most of the Performance targets pursuant to the Performance Contract with the Ministry of Health, but also put emphasis on the measures that are directed at realizing Banisa Sub County Hospital Vision.

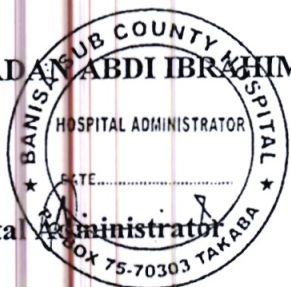
The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the Board remains focused on providing resources and supporting initiatives that will sustain Banisa Sub County Hospital in a leadership position in the healthcare sector.

Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the Ministry of Health and county treasury for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new year, I would like to express my gratitude to Banisa Sub County Hospital staffs, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, I strongly believe that our strategy and the staffs in place will consistently drive our growth in the future as has been the case over the years.

MR. ADAN ABDI IBRAHIM



Hospital Administrator

V. Report of The Chief Executive Officer

I am pleased to present Banisa Sub -County Hospital's annual report and financial statements for the financial year 2021/2022. The report highlights the hospitals operational and financial performance as well as our strategic direction.

Operational Performance

The hospital provides specialized healthcare services. To meet our patients' needs, we have medical doctors who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centred services. In 2021/2022 financial year, Banisa sub county hospital attended to 28,952 patients of whom 1,911 were inpatients. During the year, the clinicians and nurses worked tirelessly in order to improve the service and to minimise the rate of motility in the hospital.

Centre of Excellence

The Banisa hospital established centres of excellence in the following areas: diabetes, Infectious Diseases; HIV medicine and TB. This is in a bid to provide excellent specialized services and improve quality healthcare.

Recognizing the importance of laboratory services, the management equipped and renovates the hospital laboratory in order to enhance efficiency in laboratory diagnostic services. The Hospital has created the department of Quality Healthcare (QHC) whose operations encompass patient safety, clinical governance, infection prevention & control, as well as monitoring and evaluation.

Effective Communication

Banisa Sub County Hospital is putting great emphasis in improvement of communication with our patients, their families and other stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. In an effort to provide timely and accurate information, we have established mechanisms for receiving and resolving customer feedback. Further, we have strengthened customer care services and process improvement with a view to enhance patients-care giver engagement.

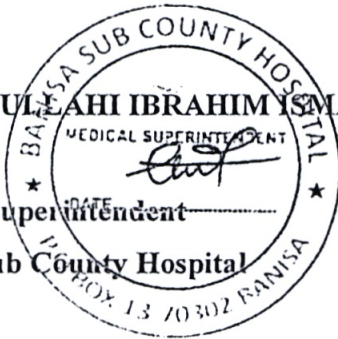
Financial Review

For The financial year ended 30th June 2022, Banisa sub county hospital received **Kshs.4, 200,000** from Mandera county Treasury and **Kshs.995, 000** from Linda Mama for the financial year 2021/2022. The total receipt for the year is **kshs.5,195,000**, which is utilised for hospital operations, at the beginning of the FY2021/2022 the opening balance of the hospital was **Kshs.14,872** hence the total revenue for the year was **kshs.5,209,872**. The hospital utilized 94.23% of the revenue received during this financial year for medical cost, employee cost, maintenance and building and general expenses of the hospital.

Acknowledgment

The thousands of patients served are a living testament to the care, love and support offered every day by the outstanding commitment of our staff. We are grateful to our stakeholders and Mandera county treasury for their kindness compassion, support, dedication and contributions to Banisa Sub County Hospital.

DR. ABDULRAHI IBRAHIM ISMAIL



Medical superintendent

Banisa Sub County Hospital

VI. Statement Of Performance Against Predetermined Objectives

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

Banisa Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Information.

Pillar/theme/issue 2: Human resources

Pillar/theme/issue 3: Financing

Banisa sub county hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on annually basis.

Banisa sub county hospital achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Information	Operational excellence	Enhance efficiency in the provision of health care	Seamless, effective and timely service delivery and efficient utilization of resources
Pillar/theme/issue 2:	Human Resources	Excellence in clinical outcomes	Improve the availability of essential health services	Improved quality health care
Pillar/theme/issue 3:	Financing	Business growth	Enhance hospital to cater for its operations	Improved financial sustainability

VII. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Board of Management, Banisa Sub County Hospital remains steadfast in complying with statutory requirements and the Code of Governance for State Corporations among others. Banisa Sub County Hospital Board of Management is constituted in accordance with the provisions of the State Corporation Act, Chapter 446 of the Laws of Kenya and Legal Notice No.109 of 1987 and is composed of five members of whom four are the hospital management and fifth one is the county chief officer health. Constitution of the Board considers diversity in gender, age, ethnicity and culture. In addition, the current Board of Management has diverse skills and experience in the fields of medicine, finance, community development as well as administration. External specialists and independent professional advisors are consulted when need arises.

VIII. Management Discussion and Analysis

1. Clinical/operational performance

Banisa Sub County hospital attended to 20,257 patients both inpatient and outpatient for the financial year 2021/2022. The number of inpatient are 1,632 while outpatient is 18,625.

Outpatient department

The total number of outpatient clients for the year under review stood at 18,625 patients showing an increase from previous year which was attributed to improved efficiency on services delivery as well as NHIF outpatient cover.

In-patient services

- Bed occupancy rate stood at 21.03% on average during the year this is attributed to efficiency service delivery.
- Average length of stay for inpatients clients is five days for financial year ended 30th June 2022. This shows increase compared to previous year and it is attributed by improved efficiency and adoption new strategies in patient care. Among the strategies deployed are;

- Adherence to patient referral protocols
- Effective performance measurement and monitoring for improvement
- Availing adequate drugs and supplies

Reproductive Health

A total of 438 deliveries were conducted during the year under review there are increase in delivery due to opening of new maternity building which can accommodate more mothers than old maternity. This increase is also caused by referrals from rural facilities from within Sub County in need of specialized maternity service and support from government of Kenya through Linda Mama scheme which had allowed mothers to deliver at Banisa Sub County hospital without having to personally incur any cost.

2. Current trends in the health sector

The constitution of Kenya 2010 through the bill of rights recognises health as primary right and tasks the health sector with the responsibility to realize this right. Vision 2030 and the Kenya health policy 2015-2030 that aimed to provide equitable and affordable health care of the highest standards to Kenyans are other key instruments that signal the government commitment to ensure that Kenyans have access to quality, affordable health care.

- ☒ Universal healthcare (UHC) is one of the key pillars of the current government to ensure that all people and communities in Kenya can access quality and effective health care services they need despite ability to pay.
- ☒ On access to quality health care service Banisa Sub County Hospital provides specialized patient – centred services through ensuring optimum availability of specialized healthcare personnel in all disciplines and provision of training for healthcare personnel for basic and post basic course.

Challenges and Opportunities

1. Physical infrastructure and equipment

Banisa sub county hospital has bed capacity of 32beds hence cannot accommodate the increasing number of inpatient in the hospital, most of medical equipment in the hospital are ageing and of obsolete technology. Therefore, there is need for continuous investment to improve the physical infrastructure and modernization of equipment.

2. Health care insurance cover

Most Kenyans have no forms of health insurance cover and hence find it difficult to access health care when needed due to inability to pay. Banisa Sub County Hospital cannot deny medical care to Kenyan finances hence find itself often waiving bills due. This affects hospital ability to offer optimal service therefore need to scale up awareness to increase the uptake of health insurance especially NHIF cover among Kenyan citizens.

3. Linda mama programme

The government of Kenya implemented free maternity programme which has assisted delivering mother and the hospital claims as Linda mama from the government hence benefitting both the society and the hospital.

4. Financial performance

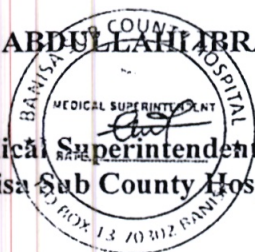
For the year under review Banisa sub county hospital opening balance as at 1st July 2021 is Ksh.14,872 and hospital received Ksh.4,200,000 from Mandera county treasury and another Ksh.995,000 from Linda Mama totalling to Ksh.5,195,000. This revenue has been utilised for hospital operations as follows; Ksh.954,000 used for medical/clinical cost, Ksh.1,183,500 for employee cost, ksh.1,045,000 for repair and maintenance, Ksh.1,712,700 for general expenses of the hospital. Therefore, the surplus for the year ended 30th June 2022 is ksh.314, 672. This shows Banisa sub county hospital have utilized 94.23% of its revenue for this financial year.

The table below shows the utilization of revenue received during this financial year.

s/n	Particulars	Amount (kshs)	Percentage %
1	Medical/clinical cost	954,000	18.36%
2	Employee cost	1,183,500	22.78
3	Repair and Maintenance	1,045,000	20.12
4	General expenses	1,712,700	32.97
	Grand total	4,895,200	94.23%

DR. ABDULLAH BRAHIM ISMAIL

Medical Superintendent
Banisa Sub County Hospital



IX. Environmental And Sustainability Reporting

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

i) Sustainability Strategy and Profile

Banisa sub county hospital is owned by Mandera county Government. The hospital management separated the activities of the hospital into department in order to facilitate the hospital operations. This departmental are; outpatient department, in patient, pharmacy and medical records departments. The outpatient is very helpful because patient in critical conditions is kept in the ward as they receive medication hence less mortality rate.

Moreover, the hospital receives money from the county to cater for the hospital expenditure hence sustainable development. The Mandera county public board recruits qualified and competent medical staffs that contribute to sustainable development of the hospitals. The county built more wards i.e paediatric, female, male and maternity with modern structures hence improvement of healthcare services.

ii) Environmental performance

Banisa sub county hospital set a strategy whereby the hospital management team plant trees in the facility in order to support the forestation and to control soil erosion. There is septic tank that are used to drain all waste material that are in liquid form. The hospital has incinerator for burning hazardous materials in combustion chamber. They are also designed to protect the environment from contaminants which may present in those materials.

iii) Employee welfare

Banisa sub county hospital has a strategy to employ hospital casual labours to do most activities in the hospitals like cleaning, guarding gates so on and so forth. When employing the vacancy will be advertised on advertisement board, they applied and management will sit and select the most qualified personnel and call for interviews. The management employs the most qualified person after the interview. One third of employee must be female hence gender balance is considered. They are trained and equipped with skills hence enhance smooth service delivery. The employee is rewarded and promoted according to their work.

iv) Market place practices

Banisa sub county hospital has made the efforts to responsible competition practice, responsible supply chain and supplier relation, responsible market and advertisement and product stewardship in market place practices.

a) Responsible competition practice

Banisa sub county hospitals compute with other hospitals in Mandera county fair competition and has respect for its competitors by providing best healthcare services to Kenyans who are living in Banisa sub county hospital and beyond. The hospital operations are free from corruption.

b) Responsible Supply Chain and Supplier Relations

Banisa sub county hospital supply chain is working with hospital suppliers well responsibly, the supply chain raises LPO/LSO to the supplier which act as abiding agreement between the hospital and suppliers hence good business practice. Supply chain officers give contract to the suppliers who are more competitive and qualified to supply the hospital. The hospital pays its suppliers on quarterly bases without any delay hence treating its own suppliers responsibly.

c) Responsible marketing and advertisement

Banisa sub county hospital practice ethical marketing practices in the following ways;

- Transparency – the hospital management are transparent when dealing with patient/client
- They protect client data and privacy.
- The hospital team commit to sustainability and human right
- Management and other staffs of the hospital responds meaningfully to client concerns.

d) Product Stewardship.

Banisa sub county hospital safeguard consumer right and interest by providing to citizen the right to basic medications and right to safety from any diseases. The hospital management provide healthy environment to work on to their client and the staff of the hospital hence right to healthy environment.

v) Corporate Social Responsibility/Community Engagements

Corporate social responsibility main goal is to create a positive image of the hospital, do healthcare services in a sustainable and ethical way without comprising comfort and quality for client, while always striving to improve their experience.

The hospital engaged community on importance of tree planting in the society and educate them how to maintain those trees. The hospital also educates the society on how to prevent corona and other disease that are communicable.

X. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the Hospital's affairs.

Principal activities

The principal activities of Banisa Sub County Hospital are;

- a. To receive patients on referral from rural facilities within the sub county for specialized health care.
- b. To refer patient with critical conditions to the county referral hospital.

Results

The results of Banisa Sub County Hospital for the year ended June 30 2022 are set out on page xvi

Board of Management

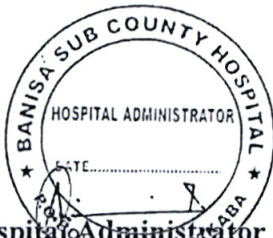
The members of the Board who served during the year are shown on page vii -viii. During the year no director retired/ resigned and no director was appointed with effect from any date.

Auditors

The Auditor General is responsible for the statutory audit of Banisa Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

MR. ADAN ABDI IBRAHIM



Hospital Administrator
Banisa Sub County Hospital

XI. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of Banisa Sub County Hospital financial statements, which give a true and fair view of the state of affairs of the Hospital, for and as at the end of the financial year (period) ended on June 30, 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 Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Banisa 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 Banisa 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 Board members are of the opinion that Banisa Sub County Hospital financial statements give a true and fair view of the state of hospital transactions during the financial year ended June 30, 2022, and of Banisa Sub County Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

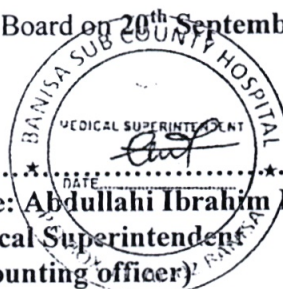
Nothing has come to the attention of the Board of management to indicate that Banisa Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 20th September 2022 and signed on its behalf by:



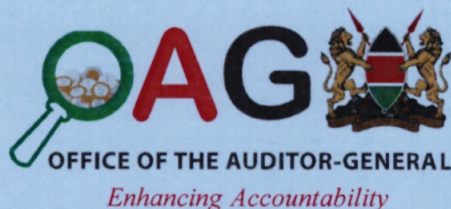
.....
Name: **Adan Abdi Ibrahim**
Hospital Administrator
Board of Management



.....
Name: **Abdullahi Ibrahim Ismail**
Medical Superintendent
(Accounting officer)

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Banisa Sub-County Level 4 Hospital – County Government of Mandera set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Banisa Sub-county Level 4 Hospital - County Government of Mandera as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012, Health Act 2017, and the Mandera County Health Services Act, 2019.

Basis for Qualified Opinion

1. Non-Disclosure of Property, Plant and Equipment

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

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

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

The statement of financial performance reflects an amount of Kshs.1,183,500 in respect of employee costs expenditure for casual employees as disclosed in Note 9 to the financial statements. The Hospital received services from 48 medical staff and support staff employed and paid by the County Executive. 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.1,183,500 could not be confirmed.

3. Non-Recognition of Revenue from Rendering of Services

The statement of financial performance reflects Nil amount in respect of revenue from rendering of services. However, review of the Hospital records provided for audit revealed that the Hospital collected Kshs.908,500 as own source revenue from rendering of medical services which was not disclosed in the statement of financial performance.

In the circumstances, the accuracy and completeness of Nil amount of revenue from rendering of services could not be confirmed.

4. Unconfirmed Inventory Balance

The statements of financial position did not reflect a balance of inventories as at 30 June, 2022. However, physical inspection carried out in the month of April, 2024 revealed that the Hospital held inventories related to pharmaceutical and non-pharmaceutical items of undetermined values.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Banisa Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report. I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

1.0 Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty eight (88) staff requirements or 87% of the authorized establishment as detailed below:

Staff Requirements				
Category	Level 4 Hospital Standards	In-post	Variance	% Deficit
Medical Officers	16	1	15	94
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	12	63	100
Total	101	13	88	87

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

Equipment, Machines and Services				
Item	Level 4 Hospital Standard	Actuals in the Hospital	Variance	% Variance
Beds	150	30	120	80
New Born Unit Incubators	5	3	2	40
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	0	2	100

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

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

2.0 Late Submission of Financial Statements

The financial statements for financial year ended 30 June, 2022 were submitted on 18 April, 2024 which was twenty-one and half months after the end of the financial year.

This was contrary to Section 149(2) (K) of the Public Finance Management Act, 2012 which provides that an accounting officer shall, in respect of the entity concerned not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

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

3.0 Lack of Quarterly Revenue Reports

The Hospital collected Kshs.908,500 from rendering of medical services but the amount was not reported under the statement of financial performance. In addition, the Hospital did not provide evidence to show that quarterly reports were prepared and submitted to the County treasury with a copy to the Auditor General as per the requirement of Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

4.0 Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects Kshs.5,209,872 and Kshs.4,895,200 in respect of approved revenue and expenditure budget resulting to budget imbalance of Kshs.314,672. This is contrary to Regulation 31(c) of the Public Finance Management (County Governments Regulations, 2015 which states that budget revenue and expenditure appropriations shall be balanced.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

1. Failure to Establish Hospital Board of Management

The Hospital did not have a Board of Management in place. Although the financial statements disclosed some names to be Members of the Board of Management there was no evidence provided to support their appointment or record of work executed by the Board. This was contrary to Section 8(1) of the Mandera County Health Services Act, 2019 which provides that every County and Sub-County Hospital shall be governed by a Hospital Board.

In the circumstances, the Hospital was not able to achieve its strategic objectives.

2. Failure to Maintain Fixed Asset Register

The statement of financial position reflects Nil balance in respect to property, plant and equipment as disclosed in Note 14 to the financial statements. However, the Hospital did not maintain fixed asset register to control its assets. This was contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain 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 comply 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

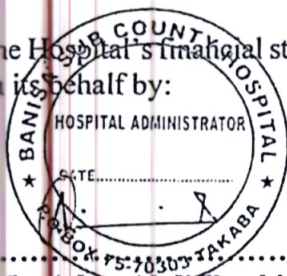
14 June, 2024

Banisa Sub County Hospital (Mandera County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

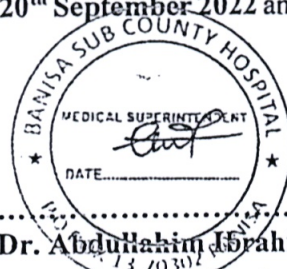
Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	4,200,000	0.00
Transfers from other Government entities	7	995,000	0.00
		5,195,000	0.00
Revenue from exchange transactions			
Revenue from exchange transactions		0.00	0.00
Total revenue		5,195,000.00	0.00
Expenses			
Medical/Clinical costs	8	954,000.00	0.00
Employee costs	9	1,183,500.00	0.00
Repairs and maintenance	10	1,045,000.00	0.00
General expenses	11	1,712,700.00	0.00
Total expenses		4,895,200.00	0.00
Net Surplus for the year		299,800	0.00

The Hospital's financial statements were approved by the Board on 20th September 2022 and signed on its behalf by:



Mr. Adan Abdi Ibrahim
Hospital Administrator

Mr. Ali Ibrahim Adan
Head of Finance
ICPAK No: -



Dr. Abdullahim Ibrahim
Medical Superintendent

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

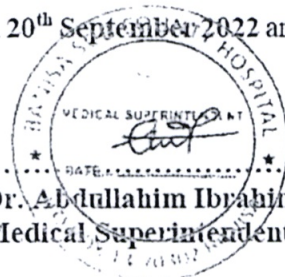
Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	12	314,672	0.00
Total Current Assets		314,672	0.00
Non-current assets			
Property, plant, and equipment	14	0.00	0.00
Total assets		314,672	-
Net assets			
Accumulated surplus/Deficit		314,672	0.00
		314,672	0.00
Total Net Assets and Liabilities		314,672	0.00

The Hospital's financial statements were approved by the Board on 20th September 2022 and signed on behalf of:



Mr. Adair Abdi Ibrahim
Hospital Administrator

Mr. Ali Ibrahim Adan
Head of Finance
ICPAK No:



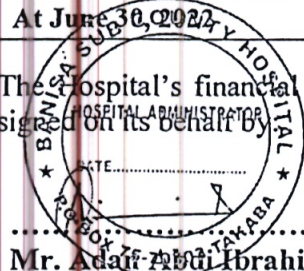
Dr. Abdullahim Ibrahim
Medical Superintendent

Banisa Sub County Hospital (Mandera County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

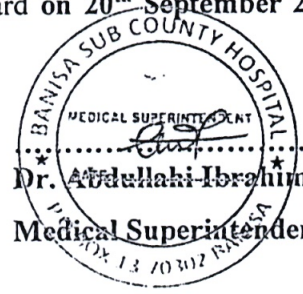
	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	0.00	0.00	0.00	0.00
Revaluation gain	0.00	0.00	0.00	0.00
Surplus/(deficit) for the year	0.00	0.00	0.00	0.00
Capital/Development grants	0.00	0.00	0.00	0.00
As at June 30, 2021	0.00	14,872.00	0.00	14,872.00
At July 1, 2021	0.00	14,872.00	0.00	14,872.00
Revaluation gain	0.00	0.00	0.00	0.00
Surplus/(deficit) for the year	0.00	299,800	0.00	299,800
Capital/Development grants	0.00	0.00	0.00	0.00
At June 30, 2022	0.00	314,672.00	0.00	314,672.00

The hospital's financial statements were approved by the Board on 20th September 2022 and signed on its behalf by



Mr. Adan Abdi Ibrahim
Hospital Administrator

Mr. Ali Ibrahim Adan
Head of Finance
ICPAK No:



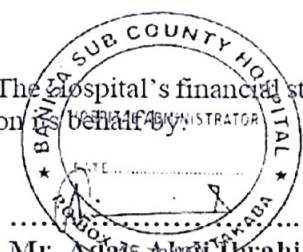
Dr. Abdullahi Ibrahim
Medical Superintendent

XVI. 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	6	4,200,000.00	0.00
Transfers from other Government entities	7	995,000.00	0.00
Total Receipts		5,195,000.00	0.00
Payments			
Medical/Clinical costs	8	954,000.00	0.00
Employee costs	9	1,183,500.00	0.00
Repairs and maintenance	10	1,045,000.00	0.00
General expenses	11	1,712,700.00	0.00
Total Payments		4,895,200.00	0.00
Net cash flows from operating activities		299,800	0.00
Net increase/(decrease) in cash and cash equivalents		299,800	00
Cash and cash equivalents at 1 st July 2021		14,872	00
Cash and cash equivalents at 30th June 2022	12	314,672.00	00

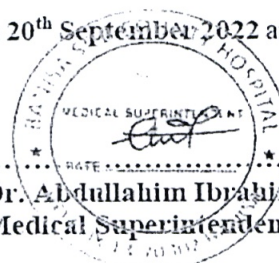
The notes set out on pages 7 to 31 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 20th September 2022 and signed on behalf of:



.....
Mr. Adir Abdul Ibrahim
Hospital Administrator

.....
Mr. Ali Ibrahim Adau
Head of Finance
ICPAK No:



.....
Dr. Abdullahim Ibrahim
Medical Superintendent

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	D	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	4,200,000	14,872	4,214,872	4,214,872	-	100%
Transfers from other Government entities(Linda mama)	995,000	-	995,000	995,000	-	100%
Total income	5,195,000	-	5,209,872	5,209,872	-	100%
Expenses						
Medical/Clinical costs	954,000	-	954,000	954,000	-	100%
Employee costs	1,183,500	-	1,183,500	1,183,500	-	100%
Repairs and maintenance	1,045,000	-	1,045,000	1,045,000	-	100%
General expenses	1,712,700	-	1,712,700	1,712,700	-	100%
Total expenditure	4,895,200	-	4,895,200	4,895,200		100%
Surplus for the period	299,800	-	299,800	299,800	-	-

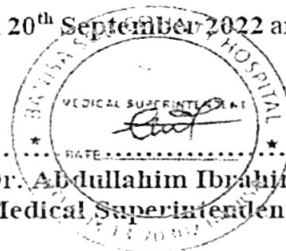
The notes set out on pages 7 to 31 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 20th September 2022 and signed on its behalf by:



Mr. Adah Abdi Ibrahim
Hospital Administrator

Mr. Ali Ibrahim Adan
Head of Finance
ICPAK No:



Dr. Abdullahim Ibrahim
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

Banisa sub county hospital is level 4 health facility established by the County government of Mandera in fulfilment of its constitutional mandate pursuant to the fourth schedule of the constitution of Kenya 2010. Banisa sub county hospital is wholly owned by the Mandera county government and its principal activity is provision of county health care services.

2. Statement Of Compliance And Basis Of Preparation

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

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2022.

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 2022:</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 Banisa Sub County Hospital’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Banisa Sub County Hospital’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 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Banisa Sub County Hospital provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Banisa Sub County Hospital; (b) The key features of the operation of those social benefit schemes; and

	(c) The impact of such social benefits provided on the Banisa Sub County Hospital's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</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><i>Applicable 1st January 2023</i></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><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of Banisa Sub County Hospital.</p>

	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	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.

ii. Early adoption of standards

The Banisa Sub County Hospital 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 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 Banisa Sub County Hospital and can be measured reliably.

Revenue from exchange transactions

Rendering of services

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be

measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Banisa Sub County Hospital.

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Banisa Sub County Hospital'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.

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 6th July 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 Banisa Sub County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Banisa Sub County Hospital recorded additional appropriations of zero on the FY 2021/2022 budget following the Board's approval. The Banisa Sub County Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xvii of these financial statements.

c) Taxes

Sales tax/ Value Added Tax

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

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

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 every three 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 Banisa Sub County Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Banisa Sub County Hospital. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Banisa Sub County Hospital also recognizes the associated lease

liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets

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

h) Research and development costs

The Banisa Sub County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Banisa Sub County Hospital can demonstrate:

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

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

of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

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. Banisa Sub County Hospital 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.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Banisa Sub County Hospital 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 Banisa Sub County Hospital assesses at each reporting date whether there is objective evidence that a financial asset or Banisa Sub County Hospital of financial assets is impaired. A financial asset or an Banisa Sub County Hospital 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 Banisa Sub County Hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an Banisa Sub County Hospital 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 Banisa Sub County Hospital 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.

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 Banisa Sub County Hospital.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

Banisa Sub County Hospital creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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 Banisa Sub County Hospital regards a related party as a person or Banisa Sub County Hospital with the ability to exert control individually or jointly, or to exercise significant influence over the Banisa Sub County Hospital, 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

Banisa Sub County Hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Banisa Sub County Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were

prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Banisa Sub County Hospital. Such changes are reflected in the assumptions when they occur.(IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 37.

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.

6. Transfers from the County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant (Transfer from County Government)	4,200,000	0.00
	4,200,000	0.00
Total government grants and subsidies	4,200,000	0.00

7. Transfers From Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Government (Linda Mama)	995000	0.00
Total Transfers	995,000	0.00

8. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Food and Ration	390,000.00	0.00
Uniform, clothing, and linen	0.00	0.00
Dressing and Non-Pharmaceuticals	0.00	0.00
Pharmaceutical supplies	0.00	0.00
Health information stationery	364,000.00	0.00
Sanitary and cleansing Materials	200,000.00	0.00
Purchase of Medical gases	0.00	0.00
X-Ray/Radiology supplies	0.00	0.00
Other medical related clinical costs	0.00	0.00
Total medical/ clinical costs	954,000.00	0.00

9. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	1,116,000.00	0.00
Staff medical expenses and Insurance cover	48,000.00	0.00
Social contribution	19,500.00	0.00
Other employee costs (Staff Airtime Allowance)	0.00	0.00
Employee costs	1,183,500.00	0.00

10. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	0.00	0.00
Medical equipment	0.00	0.00
Servicing of Generator	100,000	0.00
Plant Maintenance	80,000	0.00
Computers and accessories	70,000.00	0.00
Maintenance of Electricity	145,000	0.00
Maintenance of Buildings	650,000	0.00
Total repairs and maintenance	1,045,000.00	0.00

11. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Catering expenses	0.00	0.00
Audit fees	0.00	0.00
Bank charges	11,140.00	0.00
Electricity expenses	180,200.00	0.00
Travel and accommodation allowance	349,600.00	0.00
Printing and stationery	150,000.00	0.00
Hire charges (Car hire)	0.00	0.00
Water and sewerage costs	420,000.00	0.00
Telephone and mobile phone services	64,000.00	0.00
Internet expenses	48,000.00	0.00
Firewood and charcoal	150,000.00	0.00
Refined fuel and lubricant	339,760.00	0.00
Staff motivation	0.00	0.00
Total General Expenses	1,712,700.00	0.00

12. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	314,672.00	0.00
Total cash and cash equivalents	314,672.00	0.00

13. Detailed Analysis of Cash and Cash Equivalents

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Equity Bank, etc		314,672.00	0.00
Sub- total		314,672.00	0.00
Grand total		314,672.00	0.00

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14. 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	-	-	-	-	-	-	-	0.00
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	0.00
Transfers/adjustments	-	-	-	-	-	-	-	0.00
At 30th June 2021	-	-	-	-	-	-	-	0.00
At 1 st July 2021	-	-	-	-	-	-	-	0.00
Additions	-	-	-	-	-	-	-	0.00
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.00)
Transfer/adjustments		-		-			(-)	0.00
At 30th June 2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and impairment								
At 1 July 2020	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Depreciation for the year	-	-	-	-	-	-		0.00
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(-)

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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 30 June 2021	0.00	0.00	0.00	0.00	0.00	0-00		0.00
At July 2021	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Depreciation	-	-	-	-	-	-		0;00
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(0.00)
Transfer/adjustment		0.00	-	0.00	-	-	(-)	(0.00)
At 30th June 2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net book values								
At 30 th June 2021	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-	-	-	-



15. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	0.00	0.00
Non-cash grants received	(0.00)	(0.00)
Impairment	0.00	0.00
Gains and losses on disposal of assets	(0.00)	(0.00)
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Working Capital adjustments		
Increase in inventory	(0.00)	(0.00)
Increase in receivables	(0.00)	(0.00)
Increase in deferred income	0.00	0.00
Increase in payables	0.00	0.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	0.00	0.00

16. Financial Risk Management

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

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

(i) Credit risk

Banisa Sub County Hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic

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environment. The carrying amount of financial assets recorded in the financial statements representing Banisa Sub County Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2022				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

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. Banisa Sub County Hospital has significant concentration of credit risk on amounts due from July 2021

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 Banisa Sub County Hospital's short, medium and long-term funding and liquidity management requirements. Banisa Sub County Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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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	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2022				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

(ii) Market risk

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

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

a) Foreign currency risk

The Banisa Sub County Hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount

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of Banisa Sub County Hospital'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 20xx			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset	0.00	0.00	0.00

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
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2022		0.00	0.00
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one Percentage point as a decrease/increase of KShs 0.00 (2021: KShs 0.00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0.00 (2022 – KShs 0.00).

iv) Capital Risk Management

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

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
	0.00	0.00

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Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	0.00
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0%	0%

17. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) Ministry of Health
- iii) Mandera County
- iv) Ministry of health
- v) Department of Medical Service
- vi) Key management;
- vii) Mandera County Medical Service Board of Directors

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	0.00
Sales of services to client	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00

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Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00
d) Key management compensation		
Directors' emoluments	0.00	0.00
Compensation to the medical Sup	0.00	0.00
Compensation to key management	0.00	0.00
Total	0.00	0.00

18. Segment Information

19. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case xxx against the company	0.00	0.00
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

20. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	0.00	0.00
Authorised And Contracted For	0.00	0.00
Total	0.00	0.00

21. Events After The Reporting Period

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

22. Ultimate And Holding Banisa Sub County Hospital Banisa Sub County Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health – Medical service. Its ultimate parent is the Government of Kenya.

23. Currency

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

XIX. Appendices

Appendix 1: Progress on Follow up Of Auditor Recommendations

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

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Banisa Sub County Hospital responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....
Accounting Officer



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APPENDIX II: Projects Implemented by Banisa Sub County Hospital
Projects
 Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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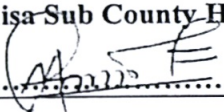
APPENDIX IV: Inter-Banisa Sub County Hospital Confirmation Letter
[Insert your Letterhead]

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 [Insert name of beneficiary Banisa Sub County Hospital] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary Banisa Sub County Hospital] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Banisa Sub County Hospital:

Name Sign  Date

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APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization: Banisa Sub County Hospital

Telephone Number: 0725466695

Email Address: abduhiiibrahim@gmail.com

Name of Medical Superintendent: Dr. Abdullahi Ibrahim Ismail

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		

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APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Banisa Sub County Hospital						
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