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REPORT

OF

THE AUDITOR-GENERAL

ON

**UKWALA SUB-COUNTY
LEVEL 4 HOSPITAL**

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

COUNTY GOVERNMENT OF SIAYA

DATE 24/09/24
TABLED BY M.L.
COMMITTEE
Abdirahman



OFFICE OF THE AUDITOR GENERAL
P.O. BOX 30004 - 00100, NAIROBI
KENYA

05 JUL 2024

UKWALA SUB COUNTY Level 4 HOSPITAL **(Siaya 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 Entity Information and Management

(a) Background information

Ukwala Sub-County Hospital is a level (4) hospital established under gazette notice number 87 and is domiciled in Siaya County under the County Health Services Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to offer quality specialised health services. Its mission being to deliberately build progressive, responsible and sustainable technologically driven, evidence-based and client centered health centre.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Mrs. Lydia Mbeche
2.	Accountant	John Otieno Ousa
3.	Hospital Administrator	Clement Argwings Omondi

(Include all positions regarded as top management in your organisation).

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the Ukwala Sub-County Hospital for the period ended 30th June 2022 were;

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

(f) Entity Headquarters

P.O. Box 144-40600
SIAYA, KENYA

(g) Entity Contacts

Telephone: +254717197349
E-mail: siyacountyrh@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
P. O Box 52-40600
Ugunja,SIAYA

(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.803-40600
Siaya County Headquarters
Siaya, Kenya

II. The Board of Management

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

III. Management Team

Management	Details
1. LYDIA MBECHE	MEDICAL SUPERINTENDENT
2. LYDIA MBECHE	NURSING SERVICE MANAGER
3. DR.GEORGE ODUOR	PHARMACY IN CHARGE
4. JARED NYANDONG	LAB MANAGER
5. CLEMENT OMONDI	HOSPITAL ADMINISTRATOR
6. JOHN OUSA	ACCOUNTANT IN CHARGE

IV. Chairman's Statement

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

V. REPORT OF THE MEDICAL SUPERINTENDENT

As a level 4 hospital, Ukwala hospital offers services such as Outpatient, inpatient, maternity services, pharmacy, laboratory, physiotherapy, imaging, dental services support center, family planning, nutrition, MCH and morgue services. The facility lacks specialized services such as operational theatre, eye clinic and general surgical services among others to make it a fully functional level 4 hospital.

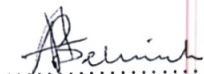
At the moment the hospital has three sources of revenue that it relies on to offer services to the general public. The sources of revenue are FIF, Linda Mama and NHIF. In most cases most the hospital depends on FIF for its operation as the disbursement of NHIF and Linda Mama has not been regular and sometimes take time to get. This has made the hospital to incur loses.

At the moment the hospital has pending bill totalling to Ksh.2,163,955, which it is struggling to pay. The facility effort to pay the bill is hampered with the high cost of living which cannot allow the hospital to put a substantial amount of money towards the debt repayment. The management is committed to pay the bills and will try to reduce it once its financial position is sound.

The hospital has also initiated measures to ensure that the revenue pilferages are minimized as much as possible in all departments so that the facility can collect optimum revenue to meet its financial obligations.

At the moment the hospital is using KCB POS machine to collect revenue. The management is also in the process of adopting cashless system by introducing M- pesa pay bill. This will ensure that the hospital collects all the revenue for services offered.

This financial year the hospital utilized the personnel available to provide the best services to its clients. There was high level of cooperation of the staff in every department that enabled the facility to offer its core mandate to the general public. Even though there was improvement of staff performance, the hospital is still faced with inadequate staff problem which had led to other departments to work exhaustively to offer services to the public. Laboratory department was overworked throughout the financial year due to shortage of manpower. The same situation was witnessed in the in –patient and pharmacy departments. It is our hope that the staff challenges would be addressed in the near future.



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VI. Statement Of Performance Against Predetermined Objectives

Introduction

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

Strategic development objectives (Adopted from Siaya County)

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

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable deaths	To reduce mortality from preventable deaths	No. Completed medical laboratories	3
			No. Completed maternity units	5
			No. Completed general wards	2
			No. Completed dispensaries	3
			% of Clients counselled and tested for HIV	83%
			% of HIV positive clients linked to care	97%
			% of WRA who know their HIV status	92%
			Percentage of HEI	2%

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

		turning HIV positive at 18 months	
		% of clients with viral load <1000c/ml	93%
		No. of accredited CHVs given feedback	1535
		No. of CHAs sensitized on eye health	24
		No. of half jackets distributed	2200
		No. of CHVs sensitized on NCDs	40
		No. of CHAs trained on community MNH	30
		No. of stakeholders meetings held	2
		No. of HHs reached with COVID19 messages	250,698
		No. of targeted dialogue days held	6
	To provide accessible and appropriate diagnostic and curative services	Reduced disease burden in Siaya County	
		Blood Bank fenced at SCRH	Completed

VII. Corporate Governance Statement

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

VIII. Management Discussion and Analysis

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

Section A

The entity's operational and financial performance

The Hospital has seen a growth in revenue trends over the past periods. During the year under review, the facility had a total of ksh. 7,339,959 as its total revenue.

Section B

Entity's compliance with statutory requirements

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

Section C

Major risks facing the entity

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

Section D

Material arrears in statutory/financial obligations

As at 30 June 2022, the Hospital had outstanding creditors amounting to Ksh.14,057085.

Section E

The Hospital did not have a functional Board during the period under review

IX. Environmental And Sustainability Reporting

Ukwala 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

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

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

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

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

ii) Environmental performance

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

iii) Employee welfare

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

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

iv) Market place practices-

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

v) Community Engagements-

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

X. Report of The Board of Management

Ukwala 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.

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

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

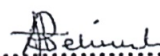
The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2022, and of the *entity's* financial position as at that date. The Board' members further confirm the completeness of the accounting records maintained for the *entity*, 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 the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

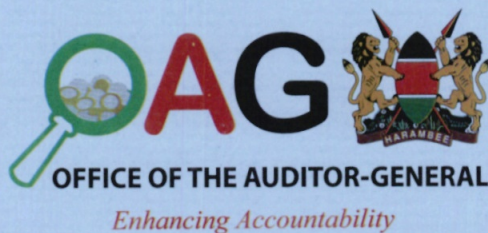
Approval of the financial statements

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

.....
Name:
Chairperson
Board of Management


.....
Name: DR. BELINDA AKINYI
Accounting Officer

REPUBLIC OF KENYA



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HEADQUARTERS
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NAIROBI

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

PREAMLBE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ukwala Sub-County Level 4 Hospital - County Government of Siaya set out on pages 1 to 47, 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 the Ukwala Sub-County Level 4 Hospital - County Government of Siaya 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 Financial Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

Review of the financial statements and annual reports revealed the following inconsistencies and inaccuracies;

- i. The statement of financial position reflects accumulated surplus of Kshs.2,302,860. However, the amount is not included in the statement of changes in net assets and the amount was not supported.
- ii. The statement of changes in net assets reflects revaluation reserve of Kshs.142,404 which is not supported by any verifiable documents.
- iii. The statement of comparison of budget and actual amounts reflects medical costs of Kshs.2,654,775 and general expense of Kshs.1,511,635 which differs with amounts of Kshs.4,503,515 and Kshs.1,660,5400 in respect of medical costs and general expense respectively reflected in the statement of financial performance and there were no notes explaining the variances.
- iv. The statement of cash flows reflects a net increase in cash and cash equivalents amount of Kshs.839,276 while the recasting amounted to Kshs.1,806,249. In addition, the statement reflects opening cash and cash equivalents as 30 June, 2021 of Kshs.966,973 which was not supported.
- v. The Management discussion and analysis on page xiii indicates that the Hospital had outstanding creditors of Kshs.14,057,085 instead of Kshs.2,163,955 as disclosed in the statement of the financial position.
- vi. The statement of financial position reflects receivable from exchange transaction balance of Kshs.333,800. However, the amount is omitted in the corresponding Note 28.

vii. The financial statements reflect amounts that vary with supporting ledgers as tabulated below;

Component	Financial Statement Amount (Kshs)	Ledger Amount (Kshs)	Variance (Kshs)
NHIF and UHC	2,535,166	2,135,480	399,686
Pharmaceuticals	630,000	630,470	470
Radiology	117,164	181,200	(64,036)
Dental	62,280	62,850	(570)
Medical Records	330,859	321,370	9,489
Laboratory Chemicals (Medical Cost)	205,000	205,100	(100)
Bank Charges	65,134	64,788	346

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

2.0 Variance in Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.2,163,955 as disclosed in Note 34 to the financial statements. However, review of creditors report revealed a balance of Kshs.9,827,978 as at 30 June, 2022 resulting to unexplained variance of Kshs.7,664,023. Further, some of the payables have been outstanding since the year 2016. Management did not provide evidence of the efforts being made to settle the balance.

In addition, the facility does not maintain creditors ledger and an aging analysis making it impossible to confirm the authenticity of trade and other payables.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.2,163,955 could not be confirmed.

3.0 Unconfirmed Stock Balance

The statements of financial position reflect an inventory balance of Kshs.2,326,766 as disclosed in Note 30 to the financial statements. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30 June, 2022. It is therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.

In the circumstances, the valuation, accuracy and completeness of the inventory balance of Kshs.2,326,766 could not be confirmed.

4.0 Unsupported Revenue from Exchange Transaction

The statement of financial performance reflects rendering of services - medical service income amount of Kshs.7,339,959 as disclosed in Note 11 to the financial statements

which was not supported by receipts. In addition, review of documents revealed that the Hospital used a revenue management system during the period under review. The system had numerous significant weaknesses which necessitated the County Government to introduce a new system on 23 April, 2022 but due to high maintenance cost the system management was terminated on 10 September, 2022 with the vendor. However, the service provider did not transfer the data to the facility and the Hospital had no back up in place for all information for the financial year. It was not possible to ascertain the completeness and correctness of revenue from rendering of services.

In the circumstances, the accuracy and completeness of the rendering of services - medical service income of Kshs.7,339,959 amount and balances could not be confirmed.

5.0 Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount in respect of public contributions and donations as reported in Note 10 to the financial statements. However, review of data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital received donations and program commodities drugs worth Kshs.25,719,168 from KEMSA and Universal Health Care drugs worth Kshs.1,487,781 from KEMSA which were not disclosed in the financial statements.

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

6.0 Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs amount of Kshs.748,800 for casuals and contractual staff as disclosed in Note 16 to the financial statements. The Hospital received services from thirty eight (38) medical staff employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of employee costs of Kshs.748,800 could not be confirmed.

7.0 Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balances of Kshs.1,806,249. The balance is in respect of bank balances held in four (4) bank accounts which includes balances for two (2) accounts of Kshs.560 and Kshs.3,399. However, the balances were not supported by bank reconciliation statements and cash books and were dormant.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,806,249 could not be confirmed.

8.0 Non-Disclosure of Property, Plant and Equipment

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

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

9.0 Variances in Revenue from Rendering Services

The statement of financial performance reflects revenue from rendering of services – medical income amount of Kshs.7,339,959 as disclosed in Note 11 to the financial statements. The amount includes claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Kshs.2,535,166. However, NHIF records revealed an amount of Kshs.2,479,575 was paid to the Hospital resulting to an unexplained variance of Kshs.55,591.

In the circumstances, the accuracy and completeness of revenue from rendering services - medical income amount of Kshs.2,535,166 could not be confirmed.

10. Variances in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.333,800 as disclosed in Note 28 to the financial statements. The amount relates to dues from National Health Insurance Fund (NHIF) whose records indicate a balance due to the Hospital of Kshs.101,379 resulting to an unexplained variance of Kshs.232,421.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs.333,800 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actuals reflects a revenue budget of Kshs.12,600,000 and actual revenue on comparable basis of Kshs.7,822,669 resulting into a shortfall of Kshs.4,777,331 or 42% of the budget. However, the statement reflects

actual expenditure of Kshs.6,649,593 and actual receipts of Kshs.7,822,699 resulting to under-utilization of Kshs.1,173,076 or 15% of total receipts. Further, the statement of financial performance reflects total expenses amount of Kshs.8,647,238 which varies with the total expenditure reflected in the statement of comparison of budget and actuals amount by Kshs.1,997,645. However, Management did not provide a reconciliation for the variance.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 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 staff requirements or 74% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	1	15	93.75
Anesthesiologists/ Anesthetist	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologist	2	0	2	100
Registered Community Health Nurses	75	25	50	67
Total	101	26	75	74

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
New Born Unit Cots	5	0	5	100
New Born Unit Incubators	5	0	5	100
High Dependency Unit-Beds	6	0	6	100
Functional Intensive Care Unit-Beds	6	0	6	100
Renal Unit with at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operating Theatres Maternity and General	2	0	2	100
Resuscitaire in 1 Theatre & 2 Labour Ward	2	2	0	0
Bed Capacity	150	48	102	68
Total	181	50	131	72

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

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

2.0 Non-Remittance of 25% of Facility Improvement Fund (FIF)

The statement of financial performance reflects rendering of services - medical service income amount of Kshs.7,339,959. However, review of bank statements and cashbook revealed that Management did not remit 25% of all revenue collected to the Fund. This is contrary to Siaya County Health Service Act, 2019 which requires that the Hospital deposits 25% of its total revenue to County revenue account.

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

3.0 Irregularities in Imprest Management

Review of the Hospital's imprest register and surrender vouchers revealed that imprest issued had not been requisitioned and approved. In addition, there were delays in accounting for imprest holders, contrary to Regulation 93(5) of Public Finance Management (County Governments) Regulations, 2015 which requires the imprest holder to surrender imprest within seven (7) working days as tabulated below;

Date	Warrant No.	Amount (Kshs)	Surrender Date	Days Delayed
13/10/2021	3448462	95,500	16/11/2021	23
09/12/2021	3448466	70,500	15/02/2022	56
02/12/2021	3448468	16,950	24/02/2022	84
19/10/2021	3448464	54,300	16/11/2021	27
23/07/2021	3448453	23,000	16/02/2022	105
12/08/2021	3448456	60,000	06/09/202	24
06/07/2021	3448452	17,000	16/02/2022	105

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

4.0 Lack of a Procurement Plan

The Hospital procured goods and services without an approved procurement plan contrary to Regulation 71(1) of Public Procurement and Asset Disposal Regulations, 2020 which states that Pursuant to Section 73 of the Act, the head of the user department shall initiate the procurement process through a requisition initiation as per the approved procurement plan

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

5.0 Lack of Approved Budget

The Hospital spent an amount of Kshs.8,647,238 without an approved budget contravening Section 21(2) of Siaya County Act, 2019 which stipulates that revenue collected by a health facility shall be utilized only to defray expenses incurred by the health facility as per the approved health budget estimates by the County Assembly.

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

6.0 Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.7,339,959 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the 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 circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of Conclusion

1.0 Failure to Establish a Board

During the year under review, the Hospital did not establish the board of management that is supposed to direct the Hospital in achieving its strategic objectives contrary to Section 12 of the Siaya County Health Services Act, 2019 which states that a County Referral and a Sub-County Hospital shall be governed by a Board. It was therefore not clear who performed the functions of the Board including approval of plans and programs for implementing county health strategies in the Hospital and supervision and control of the allocated funds.

In the circumstances, the effectiveness of internal controls and governance provision of strategic guidance on Management in the Hospital could not be confirmed.

2.0 Lack of Audit Committee and Internal Audit Function

The Hospital did not have Internal Audit Department and there was no evidence of review of the Hospital operations by the County Government internal audit unit. Further, the Hospital did not have a Board to constitute audit and risk management committee. contrary to Regulation 153,(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

3.0 Lack of Risk Management Policy, Disaster Recovery and Standard Operating Procedures

The Hospital does not have approved risk management policy, risk management framework and approved disaster recovery plan to ensure recovery of data and information in case of systems failures to ensure continuity in operations of the Hospital

as required by Regulation 158 of Public Finance Management (County Governments) Regulations, 2015. In addition, the Hospital lacks standard operating procedures.

In the circumstances, the effectiveness system of risk management and internal control systems that builds robust business operations could not be confirmed.

4.0 Weakness in ICT Internal Controls

The Hospital does not have an ICT strategic committee, ICT strategic plan nor an ICT policy and business continuity plan as required by National ICT Policy Guidelines, 2020 on public service delivery, Further, the Hospital does not have an offsite backup plan to ensure continuity of business operation in case any emergencies or disasters.

In the circumstances, the effectiveness of internal controls on data recovery and business continuity could not be confirmed.

5.0 Failure to Maintain Fixed Asset Register

Review of Hospital records and physical verification revealed that the Hospital owns various assets including land, buildings, civil works, motor vehicles, furniture, computers and equipment. However, the Hospital does not maintain a fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.

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

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

Responsibilities of Management and the Board of 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 such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 Hospital's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2024

XX Hospital (XX 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	Period ended	Comparative
		30th June 2022	Period prior year
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	482,710	-
In-kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		482,710	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	7,339,959	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income	14	-	-
Revenue from exchange transactions		7,339,959	-

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

Total revenue		7,822,669	-
Expenses			
Medical/Clinical costs	15	4,503,515	
Employee costs	16	748,400	
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	184,230	
Grants and subsidies	20	1,485,419	
General expenses	21	1,660,540	
Finance costs	22	65,134	
Total expenses		8,647,238	
Other gains/ (losses)			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	25		
Gain on foreign exchange transactions			
Total other gains/(losses)		-824,569	
Net Surplus for the period			
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

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

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No:

.....
Medical Superintendent


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

Description	Notes	Period ended 30th	Audited
		June 2022	Prior year
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,806,249	
Receivables from exchange transactions	28	333,800	
Receivables from non-exchange transactions	29		
Inventories	30	2,326,766	
Total Current Assets		4,466,815	
Non-current assets			
Property, plant, and equipment	31		
Intangible assets	32		
Investment property	33		
Total Non-current Assets		-	
Total assets		4,466,815	
Liabilities			
Current liabilities			
Trade and other payables	34	2,163,955	
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Total Current Liabilities		2,163,955	
Non-current liabilities			
Provisions	40		
Non-Current Finance lease obligation	41		
Non-Current portion of deferred income	42		
Non - Current portion of borrowings	43		
Service concession liability	44		
Total Non-current liabilities		-	
Total Liabilities		2,163,955	
Net assets		2,302,860	

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

Revaluation reserve			
Accumulated surplus/Deficit		2,302,860	
Capital Fund			
Total Net Assets and Liabilities		2,302,860	

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

.....	
Chairman	Head of Finance	Medical Superintendent
Board of Management	ICPAK No:	

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	-			-
Revaluation gain				-
Surplus/(deficit) for the year				-
Capital/Development grants				-
As at June 30, 2021	966,973	-		966,973
				-
At July 1, 2021	966,973	-		966,973
Revaluation gain				-
Surplus/(deficit) for the year	-824,569			-824,569
Capital/Development grants				-
At June 30, 2022	142,404			142,404

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

.....
 Chairman
 Board of Management

.....
 Head of Finance
 ICPAK No:

.....
 Medical Superintendent

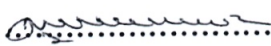
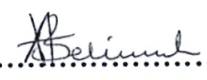
XVI. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	Period ended 30th June 2022	Comparative Period prior year
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	482,710	
Grants from donors and development partners		-	
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income	11	7,339,959	
Revenue from rent of facilities			
Finance / interest income			
Other receipts(<i>specify</i>)			
Total Receipts		7,822,669	
Payments			
Medical/Clinical costs	15	4,503,515	
Employee costs	16	748,400	
Board of Management Expenses	17		
Repairs and maintenance	19	184,230	
Grants and subsidies	20	1,485,419	
General expenses	21	1,660,540	
Finance costs	22	65,134	
Refunds paid out			
Total Payments		8,647,238	
Adjusted for			
Decrease/(Increase) in Accounts Receivable: Outstanding Imprests		-	
Net cash flows from/(used in) operating activities		-824,569	
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			

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

Net cash flows from /(used in) investing activities			
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows from /(used in) financing activities			-
Net increase/(decrease)in cash and cash equivalents			839,276
Cash and cash equivalents at 30th June 2021	27		966,973
Cash and cash equivalents at 31st June 2022	27		1,806,249

The notes set out on pages 25 to 36 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

.....  
Chairman Board of Management	Head of Finance ICPAK No:	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 Cumulative to date	% of utilization
	A	B	c=(a+b)	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from the County Government	-	-		482,710	
Grants from donors and development partners					
Transfers from other Government entities					
Public contributions and donations					
Rendering of services- Medical Service Income	12,600,000	-	12,600,000	7,339,959	58
Revenue from rent of facilities					
Finance / interest income					
Other receipts (specify)					
Total income	12,600,000	-	12,600,000	7,822,669	62
Expenses					
Medical/Clinical costs	4,872,600	-	4,872,600	2,654,775	54
Employee costs	4,265,000	-	4,265,000	748,400	-
Remuneration of directors					-
Repairs and maintenance	767,400	-	767,400	184,230	24
Grants and subsidies	-		-	1,485,419	
General expenses			2,665,000		

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

	2,665,000	-		1,511,635	57
Finance costs	30,000		30,000	65,134	
Refunds					-
Total expenditure	12,600,000		12,600,000	6,649,593	53
		-			
Surplus for the period	-	-	-	1,173,076	

Budget notes

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

The notes set out on pages 25 to 36 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No:

.....
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

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

2. Statement Of Compliance And Basis Of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Notes to the Financial Statements (Continued)

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

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

	(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><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</p>

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

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

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

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts

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

Notes to the Financial Statements (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. **Transfers From The County Government**

Description	2021/22	2020/21
	KShs	KShs
Unconditional Grants		
Operational Grant	482,710	-
Level 5 Grants	-	-
Other Grants		-
Conditional Grants		
User Fee Forgone	-	-
Transforming Health Services For Universal Care Project (THUCP)	-	-
DANIDA	-	-
Wards Development Grant	-	-
Paediatric Block Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Total Government Grants And Subsidies	482,710	-

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

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages		
Pharmaceutical and Non-Pharmaceutical Supplies		
Medical supplies-Drawings Rights (KEMSA)		
Utility bills		
Total grants in kind		

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

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

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

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

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

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		

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Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships		

d (a)Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Pharmaceuticals	630,000	
Non-Pharmaceuticals	112,420	
Laboratory	731,350	
Radiology	117,164	
Orthopedic and Trauma Technology		
Theatre		
Ear Nose, Eye and Throat service	-	
Ophthalmology		
Nutrition	61,000	
Dental services	62,280	
Reproductive health- Linda Mama		
Paediatrics services	-	
Inpatient services	670,320	
Farewell home services	1,460,200	
Other medical services income	-	
<i>NHIF AND UHC(linda mama)</i>	2,535,166	
<i>Medical Records</i>	330,859	
<i>NHIF receivable</i>	333,800	
<i>Outpatient Services</i>	231,120	
<i>Physiotherapy</i>	64,280	
<i>Medical Legal Fees</i>	-	
<i>Occupational Therapy</i>	-	
Total revenue from the rendering of services	7,339,959	

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

Description	2021/22	2020/21
	KShs	KShs
Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

14. Other Income

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

15. Medical/ Clinical Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Dental costs/ materials	11,245	-

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Laboratory chemicals and reagents	205,000	-
Public health activities		-
Food and Ration	3,070,910	-
Uniform, clothing, and linen		-
Dressing and Non-Pharmaceuticals	450,460	-
Pharmaceutical supplies	323,680	-
Health information stationery		-
Reproductive health materials		-
Surgical Consumables		
Sanitary and cleansing Materials	215,300	-
Purchase of Medical gases	226,920	-
Rehabilitation materials		

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Purchase of Medical equipment		
X-Ray/Radiology supplies		-
Other medical related clinical costs (Orthopaedic materials)		
Total medical/ clinical costs	4,503,515	

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	748,400	-
Contributions to pension schemes		-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	748,400	-

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Board of Management Expenses

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

18. Depreciation And Amortization Expense

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

19. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	54,880	-
Medical equipment		-
Office equipment		-
Plant and Machinery		
Furniture and fittings		-
Computers and accessories	51,800	-
Motor vehicle expenses	77,550	-
Maintenance of civil works		-
Total repairs and maintenance	184,230	

20. Grants And Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Transfers to the County Health HSSF Account	1,485,419.00	-
Total grants and subsidies	1,485,419.00	-

21. General Expenses

Description	2021-2022	2020-2021
		Kshs
Advertising and publicity expenses		-
Catering expenses		-
Waste management expenses		-
Insecticides and rodenticides		-
Audit fees		-
Conferences and delegations		00
Consultancy fees		-
Contracted services		-
Electricity expenses	556,000	-
Insurance		-
Research and development expenses		-
Travel and accommodation allowance	111,400	-
General office supply	374,605	-
Licenses and permits		-
Courier and postal services		-
Printing and stationery		-
Computers, printers & other IT Equipments	130,000	-
Hire charges		-
Rent expenses		-
Water and sewerage costs	157,110	-

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Skills development levies		-
	94,775	-
Telephone and mobile phone services		
Fuel, oil & lubricants	12,650	
Institutional appliances		
Other fuel (Charcoal and firewood)	224,000	
Internet expenses		-
Staff training and development		-
Subscriptions to professional bodies		-
Subscriptions to newspapers periodical, magazines, and gazette notices		-
Library books/Materials		-
other operating expenses		-
Total General Expenses	1,660,540	

22. Finance Costs

Description	2021/22 KShs	2020/21 KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Bank Charges	65,134	
Interest on loans from commercial banks		
Total finance costs	65,134	

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

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

24. Unrealized Gain On Fair Value Investments

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

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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	Period ended 30 th June	Prior Year
	2022	audited
	Kshs	Kshs
Current accounts	1,806,249	
On – call deposits	-	
Fixed deposits accounts	-	
Cash in hand		
Others(<i>specify</i>)- Mobile money	-	
Total cash and cash equivalentents	1,806,249	

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Notes to the Financial Statements (Continued)

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

Description		Period ended 30 th June 2022	Prior Year audited
Financial institution	Account number	Kshs	Kshs
a) Current account			
Ukwala Sub County Hospital, KCB ,Ugunja	1156803942	1,428,821.90	
Ukwala Sub County Hospital, KCB ,Ugunja	1168348048	560.00	
Ukwala Sub County Hospital, KCB ,Ugunja	1290779171	373,468.00	
Ukwala Sub County Hospital, KCB ,Ugunja	1290818029	3,399.00	
Sub- total		1,806,248.90	
b) On – call deposits			
Kenya Commercial bank		-	
Equity Bank –etc		-	
Sub- total		-	
c) Fixed deposits account			
Bank Name		-	
Sub- total		-	
d) Others(specify)			
cash in hand		-	
Mobile money- Mpesa, Airtel money		-	
Sub- total		-	
Grand total		1,806,248.90	

28. Receivables From Exchange Transactions

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

Total receivables		
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29. Receivables From Non-Exchange Transactions

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

30. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	2,326,766	
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	2,326,766	

31. Property, Plant and Equipment

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

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

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	2,163,955	
Employee dues		
Third-party payments (<i>unremitted payroll deductions</i>)		
Audit fee		
Doctors' fee		
Total trade and other payables	2,163,955	

35. Cash Generated from Operations

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

Notes to the Financial Statements (Continued)

36. Financial Risk Management

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

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

(i) Credit risk

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

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2022				
Receivables from exchange transactions	333,800			
Receivables from –non-exchange transactions				
Bank balances				
Total	333,800			

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

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

37. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

38. Segment Information

39. Contingent Liabilities

(Give details)

40. Capital Commitments

41. Events After The Reporting Period

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

42. Ultimate And Holding Entity

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

43. Currency

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

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

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)

.....

Accounting Officer

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

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

APPENDIX IV: Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]
[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

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

Name Sign Date.....

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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

APPENDIX VI Disaster Expenditure Reporting Template

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