

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

REPORT

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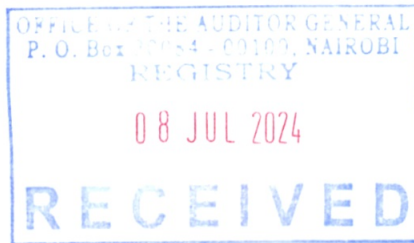
YALA SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2023

COUNTY GOVERNMENT OF SIAYA

25/07/24  
S.M.L  
Anselm





*Revised 30<sup>th</sup> June 2023*



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**YALA SUB-COUNTY HOSPITAL**  
**Siaya County Government**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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**1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*



**2. Key Entity Information and Management**

**(a) Background information**

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

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to ...  
 (Under this section you may also include the entity’s vision, mission and core objectives)

**(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent Management
- Others (*specify*)

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr Bruno Okall-
2.	Head of finance	Kennedy Ooko-
3.	Head of supply chain	Eunice Ombogo-
4.	In charge Pharmacy	Dr Nympah Maende-
5.	In Charge Laboratory	Daniel Oyoo

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

**(e) Fiduciary Oversight Arrangements**

*[Here, provide a high-level description of the key fiduciary oversight arrangements covering (say)]*

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



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

**(f) Entity Headquarters**

P.O. Box 803-40600  
SIAYA.

**(g) Entity Contacts**

Telephone: (+254) 079168690  
[Email.yalaleveliv@gmail.com](mailto:Email.yalaleveliv@gmail.com)  
Website: [www.yalaleveliv.go.ke](http://www.yalaleveliv.go.ke)

**(h) Entity Bankers**

Cooperative Bank-Yala

**(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









**3. The Board of Management**

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.	Director 1 <i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i>	No Board at the time
2.	Director 2	No Board at the time
3.	Director 3	No Board at the time
4.	Director 4/Alternate	No Board at the time
5.	MED SUP	Dr. Bruno Okall
6.	Entity Secretary	No Board at the time

**4. Key Management Team**

Ref	Management	Details
1.	 <p>Dr. Bruno Ambere Okall Medical Doctor</p>	Medical Superintendent
2.	 <p>Mr. Bernard Omondi</p>	Hospital Administrator
3.	 <p>Mr. Kennedy Otieno Ooko</p>	Hospital Accountant
4.	 <p>Dr. Nimpha Nabwire Maende</p>	Hospital Pharmacist
5.		Hospital Nursing Services Manager

*(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)*



**5. Chairman’s Statement**

**One – two pages**

*(Under this section, the Chairman of the Board of Management will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital). (The report should be signed by the chairman of the governing body.)*

**There was no Board of management**

.....

**Name**

**Chairman to the Board**

## 6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2022/23. The report highlights the hospitals operational and financial performance as well as our strategic direction.

### Operational Performance

The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists in all disciplines of medical practice who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centred services. During the year, the surgical team successfully reattached severed hand, removed a dagger that was lodged in the jaw of a patient and demonstrated clinical effectiveness by reduction of mortality rate at the critical care units.

### Patient Safety


YSCH has embarked on all aspects of patient safety which is an integral component of health service delivery. YSCH is focused to reduce hospital acquired infections and medical errors, reduction of falls and occurrence of venous thrombosis. The Hospital has created the department of Quality Healthcare (QHC) whose operations encompass patient safety, clinical governance, infection prevention & control, as well as monitoring and evaluation. The hospital also developed protocols SOPs and guidelines for patient management.

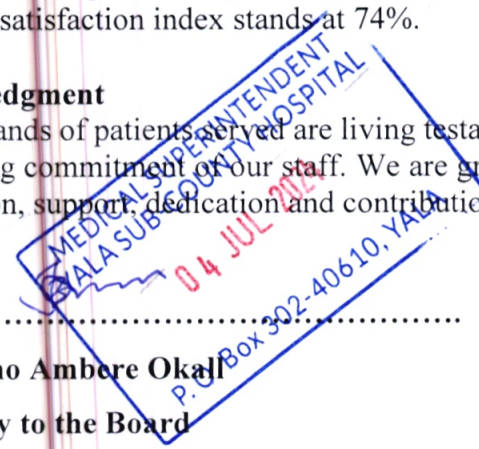
### Effective Communication

YSCH is putting great emphasis in improvement of communication with our patients, their families another stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. In an effort to provide timely and accurate information, we have established mechanisms for receiving and resolving customer feedback in line with our motto: *We Listen, We care*. Further, we have strengthened customer care services and process improvement with a view to enhance patients-care giver engagement. The current Customer satisfaction index stands at 74%.

### Acknowledgment

The thousands of patients served are living testament to the care, love and support offered everyday by the outstanding commitment of our staff. We are grateful to our stakeholders and sponsors for their kindness, compassion, support, dedication and contributions to YSCH.

  
.....  
**Dr. Bruno Ambere Okall**  
Secretary to the Board





**7. Statement of Performance Against Predetermined Objectives**

YSCH has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Leadership and governance

Pillar/theme/issue 2: Service delivery

Pillar /theme/issue 3: Health system financing

Pillar /theme/issue 4: Health workforce

Pillar /theme/issue 5: Medical products, vaccines and technologies

Pillar /theme/issue 6: Health information systems

YSCH develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The YSCH did not achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

*(NB: Entities can prepare this performance information as per the table below or in a more relevant format suitable for the nature of its activities)*

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar /theme/issue 1: Leadership and governance	To maintain proper governance of the hospital	Governance reports submitted	Promote good governance	12 reports submitted
Pillar/theme/issue 2: Service delivery	To improve service delivery	Facility workload report	Promote the use of the facility	12 workload reports submitted
Pillar /theme/issue 3: Health system financing	To avail adequate finances	Submitted financial reports	Prudently manage finances	12 financial reports submitted

Pillar /theme/issue 4: Health workforce	To avail adequate workforce as per the norms	Submitted staff returns	Mange health workforce	12 staff return submitted
Pillar /theme/issue 5: Medical products, vaccines and technologies	To avail adequate medical products, vaccines and technologies	Consumption reports submitted	Procure and use health products	4 drawing rights submitted
Pillar /theme/issue 6: Health information systems	To promote the use of Health information and technologies	Level of adoption of IT	Avail IT equipment's	8 departments adopted the use of IT

*(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)*

**8. Corporate Governance Statement**

There was no board of management at the time



## **9. Management Discussion and Analysis**

### **Clinical Performance**

YSCH continues to provide a wide range of highly specialized healthcare services to Kenyans, patients from within Gem and western region. Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for surgery, ENT, ophthalmology, dental amongst other services and specialized accident and emergency that receives emergency, disaster victims and referred patients. The hospital also provides clinical support services that include laboratory, pharmacy and radiology.

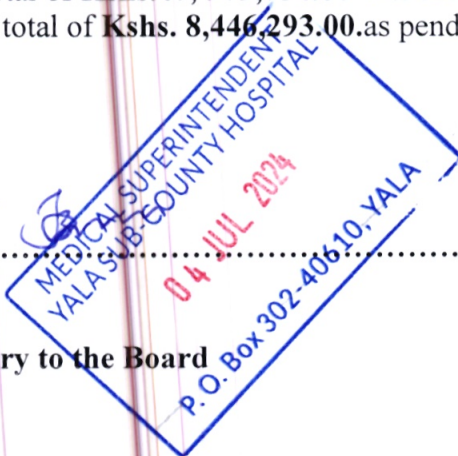
The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. In addition, the hospital plays a leading role nationally in the management of disasters and emergencies. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and frequent industrial actions.

### **Financial performance**

The hospital has seen a growth in revenue trends over the past periods. During the year, the facility raised a total of **Kshs.48, 135,839.00** as revenue and brought forward of **Kshs. 8,217,063.00**. A total of **Kshs.47, 979,754.00** was incurred as expenditure. During the period, the hospital accrued a total of **Kshs. 8,446,293.00**.as pending bills.

Name

Secretary to the Board



## **10. Environmental And Sustainability Reporting**

### ***i) Sustainability strategy and profile***

*Include an Introductory paragraph on the main mandate of the organization and its strategy on sustainability. Sustainability being the ability to maintain or continue offering services to the citizens of the country over the long- term. The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.*

### ***ii) Environmental performance***

*Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.*

### ***iii) Employee welfare***

*Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)*

### ***iv) Market place practices-***

*The organisation should outline its efforts to:*

#### ***a) Responsible competition practice.***

*Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.*

#### ***b) Responsible Supply chain and supplier relations***

*Explain how the organisation maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.*

#### ***c) Responsible marketing and advertisement***

*Outline efforts to maintain ethical marketing practices.*

**d) Product stewardship**

*Outline efforts to safeguard consumer rights and interests.*

**v) Corporate Social Responsibility / Community Engagements**

*The organisation gives details of CSR activities carried out in the year and the impact to the society.*

*Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.*



**11. Report of The Board of Management**

There was no board at the time

 .....

**Name**

**Secretary to the Board**

*(To be signed by the Secretary of the Board)*



# REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON YALA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF SIAYA**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Yala Sub-County Hospital - County Government of Siaya set out on pages 1 to 55, which comprise of the statement



of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for 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 Yala Sub-County Hospital - County Government of Siaya as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and the Public Financial Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Inaccuracies in the Financial Statements**

#### **1.1. Statement of Financial Position**

The statement of financial position reflects a Nil balance in respect of net assets which is at variance with the recalculated amount of Kshs.12,846,526. Further, the statement reflects total net assets and liabilities balance of Kshs.12,846,526 which is at variance with the recalculated balance of Kshs.2,563,523 resulting to an unexplained variance of Kshs.10,283,003.

#### **1.2. Statement of Changes in Net Assets**

The statement of changes in net assets reflects balance of Kshs.8,217,063 in respect of revaluation reserve which was not reflected in the statement of financial position. Further, supporting documents including the revaluation report detailing the effective date of the revaluation and the revaluation surplus were not provided for audit. In addition, the statement reflects Nil balance in respect of accumulated surplus as at 30 June, 2023. However, recast of the statement confirms accumulated surplus amount of Kshs.2,563,523 resulting to an unexplained variance of Kshs.2,563,523.

#### **1.3. Statement of Cash Flows**

The statement of cash flows reflects Kshs.8,217,063 in respect of cash and cash equivalents as at 30 June, 2023. However, recast of the statements revealed cash and cash equivalent as at 30 June, 2023 of Kshs.11,473,678 resulting to an unexplained variance of Kshs.3,256,615.

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



## **2.0 Revenue from Exchange Transactions**

- The statement of financial performance reflects revenue from exchange transactions amount of Kshs.32,630,725 as disclosed in Note 11 to the financial statements. However, the following anomalies were noted;

### **2.1. Unsupported Revenue from Exchange Transactions**

The revenue from exchange transactions amount includes rendering of service - Facility Improvement Funds of Kshs.17,223,105. However, Management did not retain copies of receipts generated from the system to support revenue collected from rendering of service.

In the circumstances, the accuracy and completeness of the revenue amount of Kshs.17,223,105 included in the financial statements could not be confirmed.

### **2.2. Variances in Revenue from Rendering Services**

Included in the amount of Kshs.32,630,725 is the National Health Insurance Fund reimbursement of Kshs.15,407,620. However, the National Health Insurance Fund records revealed an amount of Kshs.8,117,890 was paid to the hospital resulting to an unexplained variance of Kshs.7,289,730.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.32,630,725 could not be confirmed.

## **3.0 Unsupported General Expenses**

The statement of financial performance reflects general expenses amounting to Kshs.13,658,231 as disclosed in Note 21 to the financial statements. Included in the expenditure is other creditor amount of Kshs.8,100,282 which includes Kshs.4,171,384 in respect to outstanding expenses incurred in the financial year 2021/2022 but which remained unpaid during the period under review resulting to an overstatement of the general expenses by the same amount. Further, Management did not maintain creditors ledger and an ageing analysis to assess the status of outstanding bills owed to the creditors and the duration they had remained outstanding was not provided for audit

In the circumstances, the accuracy and completeness of the general expenses balance of Kshs.13,658,231 could not be confirmed.

## **4.0 Variances in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.8,153,020 as disclosed in Note 28 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.15,378,077 resulting to an unexplained variance of Kshs.7,225,057. Further, the amount has been outstanding for more than twelve (12)



months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within thirty (30) days of submission.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.8,153,020 could not be confirmed.

### **5.0 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.

### **6.0 Variances in Trade and Other Payables**

The statement of financial position reflects the trade and other payables balance of Kshs.8,100,282 as disclosed in Note 34 to the financial statements. The balance excludes Kshs.71,532.90 owed to Kenya Medical Supplies Authority (KEMSA) as per KEMSA records understating trade and other payables balance.

In the circumstances, the accuracy, and completeness of the trade payable balance of Kshs.8,100,282 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.51,667,500 and Kshs.44,473,513 respectively resulting to an under-funding of Kshs.7,193,987 or 14% of the budget. However, the Hospital spent Kshs.41,909,990 against actual receipts of Kshs.44,473,513 resulting to underutilization of Kshs.2,563,523 or 6% of actual receipts.

Further, the statement of comparison of budget and actual amounts reflects an amount of Kshs.51,667,500 and Kshs.59,765,030 in respect to budgeted receipts and expenditure respectively. This resulted to overbudgeting of expenditures by Kshs.8,097,530.



The under-funding and under-utilization affected the 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 Use of Public Resources and Basis for Qualified Opinion sections 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 Non-Compliance with the Financial Reporting Framework Template**

Review of the annual report and financial statements submitted for audit revealed that the financial statements did not comply with the financial reporting format issued by the Public Sector Accounting Standards Board. This is contrary to Section 81(3) of the Public Finance Management Act, 2012 which states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board.

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

#### **2.0 Employee Costs**

The statement of financial performance reflects employee costs amount of Kshs.8,945,529 as disclosed in Note 16 to the financial statements. Review of supporting documents revealed the following unsatisfactory matters:

##### **2.1. Irregular Engagement and Payment of Casual Employees**

The statement of financial performance reflects casuals and contractual staff amount of Kshs.6,500,00 as disclosed in Note 7 to the financial statements. It was noted that Management engaged casual workers for more than three months. This was contrary to the County Public Service Human Resource Manual, May 2013 Section B.16(1) which states that Casual workers shall be engaged only on urgent short-term tasks with the



approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

## 2.2. Failure to Remit Statutory Deductions

Analysis of the payroll data provided for audit for the month of April, 2022 revealed that the Hospital Management failed to remit NHIF statutory dues amounting to Kshs.30,400. Further, no evidence was provided for audit to show that the deductions were remitted to relevant authorities thus incurring an extra cost of Kshs.45,000 in form of penalty. This was in contravention of Section 18(1) of the NHIF Fund of 1998.

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

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

The employee costs of Kshs.8,945,529 relates to expenditure on casuals and contractual staff as disclosed in Note 16 to the financial statements. The Hospital received services from sixty-one (61) 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.8,945,529 could not be confirmed.

## 3.0 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 sixty-six (66) staff requirements or 65% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	3	13	81.25
Anesthesiologists/ Anesthetist	2	2	0	0
General Surgeons	2	1	1	50
Gynecologists	2	1	1	50
Pediatrics	2	0	2	100
Radiologist	2	1	1	50
Registered Community Health Nurses	75	27	48	64
<b>Total</b>	<b>101</b>	<b>35</b>	<b>66</b>	<b>65</b>

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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
New Born Unit Cots	5	5	0	0
New Born Unit Incubators	5	5	0	0
Functional Intensive Care Unit-Beds	6	6	0	0
High Dependency Unit Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Functional Operating Theatres - Maternity and General	2	1	1	50
Resuscitaire in Theatre Labour Ward	2	2	0	0
Bed Capacity	150	66	84	56
<b>Total</b>	<b>181</b>	<b>85</b>	<b>96</b>	<b>53</b>

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care 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.

#### **4.0 Irregular Procurement of Fuel, Oil and Lubricants**

Note 21 to the financial statements reflects general expenses totalling Kshs.13,658,231 which includes an amount of Kshs.2,391,556 in respect of purchase of fuel, oil and lubricants. Review of payment vouchers revealed that the Hospital Management procured fuel from one supplier for various departments. However, the method of procurement and identification of the supplier could not be ascertained and the contract agreement was not provided for audit.

In the circumstances, value for money of the expenditure of Kshs.2,391,556 in respect of purchase of fuel, oil and lubricants could not be confirmed and Management was in breach of the law.

#### **5.0 Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects original budget amounts of Kshs.38,667,500 and Kshs.36,288,190 for revenue and expenditure



respectively. Similarly, the statement reflects final budget amounts of Kshs.51,667,500 and Kshs.59,765,030 for revenue and expenditure respectively. However, the minutes of the Board and County Assembly approving the budget were not provided for audit. This is contrary to Section 13(d) of Siaya County Health Services Act, 2019 which requires the Board to approve estimates before submission to the Executive Member and Section 41(2) 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.

## **6.0 Lack of Procurement Plan**

Review of procurement document provided for audit revealed that the Hospital procured goods and services without approved procurement plan disregarding Regulation 71(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires the head of the user department to initiate the procurement process through a requisition as per the approved procurement plan. It was therefore, not possible to verify the approved procurement method and budgetary allocation.

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

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 overall governance were not effective.

### **Basis of Conclusion**

#### **1.0 Lack of Risk Management Policy, Disaster Recovery Plan**

The Hospital Management has not put in place a risk management policy, strategies and risk register to mitigate against risk. It was therefore not clear how risk exposure was managed. Further, the Hospital did not have a disaster recovery and business continuity



plans required for identifying, preventing, and mitigating against disasters and ensuring that its operations are not interrupted.

In the circumstances, the existence of an effective risk management and disaster recovery system could not be confirmed.

## **2.0 Lack of Standard Operating Procedures**

The Hospital did not provide approved standard operating procedures which play an important role in guiding operations and acting as a reference guide. In the absence of standard operating procedures, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

In the circumstances, the effectiveness of the operations could not be confirmed.

## **3.0 Lack of IT Internal Controls**

Review of the Hospital's information technology systems revealed that during the year under review, Management did not establish Information Technology (IT) strategy and IT steering committees, IT policy and business continuity plan and IT continuity plan to ensure smooth running of its operations. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the Hospital and safeguarding its ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, Management's preparedness for interruptions and loss of critical information in case of disaster could not be confirmed.

## **4.0 Lack of Internal Audit Review**

During the year under review, it was noted that there was no internal audit review of the Hospital's activities contrary to Regulation 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires internal auditors to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities and review the effectiveness of the financial and non-financial performance management systems of the entities.

In the circumstances, Internal control mechanisms that could have an impact on achievement of the strategic objectives of the Hospital may be undetected and hence not rectified in good time.

## **5.0 Failure to Establish Board of Management**

The statement of financial performance reflects Nil board expenses balance. However, the board of management that is supposed to direct the Hospital in achieving its strategic objectives was not constituted 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.

## **6.0 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 did not maintain a fixed asset register for control of its assets. In addition, no evidence was provided to prove that the Hospital had valued its assets.

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

The audit was conducted in accordance with 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 maintaining 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 control, risk management and overall governance.

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

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

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



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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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**

**10 July, 2024**

*Yala Sub-County Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

Description	Note	F/Y 2022/2023	F/Y 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	0.00	0.00
In- kind contributions from the County Government	7	11,813,787.50	6,022,484.00
Grants from donors and development partners	8	0.00	0.00
Transfers from other Government entities	9	0.00	0.00
Public contributions and donations	10	0.00	0.00
		<b>11,813,787.00</b>	<b>6,022,484.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	32,630,725.00	25,216,541.00
Revenue from rent of facilities	12	29,000.00	37,500.00
Finance /Interest Income	13	0.00	0.00
Miscellaneous Income	14	0.00	0.00
<b>Revenue from exchange transactions</b>		<b>32,659,725.00</b>	<b>25,254,041.00</b>
<b>Total revenue</b>		<b>44,473,513.00</b>	<b>31,276,525.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	13,478,919.00	10,446,907.00
Employee costs	16	8,945,529.25	8,295,575.00
Board of Management Expenses	17	0.00	0.00
Depreciation and amortization expense	18	0.00	0.00
Repairs and maintenance	19	1,372,330.00	1,093,807.00
Grants and subsidies	20	4,436,862.00	3,600,477.00
General expenses	21	13,658,231.00	7,939,911.00
Finance costs	22	18,119.00	8,260.00
<b>Total expenses</b>		<b>41,909,990.00</b>	<b>31,384,937.00</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	0.00	0.00



**Yala Sub-County Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

Description	Note	F/Y 2022/2023	F/Y 2021/2022
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0.00	0.00
Medical services contracts Gains/Losses	25	0.00	0.00
Impairment loss	26	0.00	0.00
Gain on foreign exchange transactions		0.00	0.00
<b>Total other gains/(losses)</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>2,563,523.00</b>	<b>(108,412.00)</b>

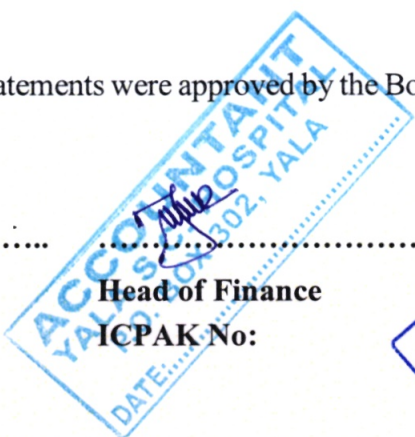
The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

.....

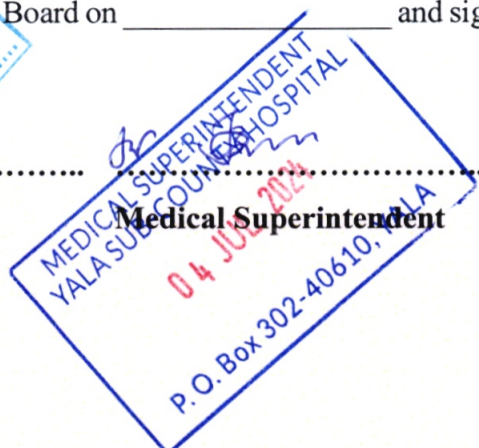
**Chairman**

**Board of Management**

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



**Medical Superintendent**



*Yala Sub-County Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2023**

Description	Note	F/Y 22/23	F/Y 21/22
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	8,217,063	8,910,155.00
Receivables from exchange transactions	28	8,153,020.00	4,020,060.00
Receivables from non-exchange transactions	29	0.00	0.00
Inventories	30	4,576,725.00	8,249,806.00
<b>Total Current Assets</b>		<b>20,946,808.00</b>	<b>21,180,021.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	0.00	0.00
Intangible assets	32	0.00	0.00
Investment property	33	0.00	0.00
<b>Total Non-current Assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Total assets</b>		<b>20,946,808.00</b>	<b>21,180,021.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	8,100,282.00	3,564,324.00
Refundable deposits from customers/Patients	35	0.00	0.00
Provisions	36	0.00	0.00
Finance lease obligation	37	0.00	0.00
Current portion of deferred income	38	0.00	0.00
Current portion of borrowings	39	0.00	0.00
Social Benefits	41	<b>0.00</b>	<b>0.00</b>
<b>Total Current Liabilities</b>		<b>0.00</b>	<b>3,564,324.00</b>
<b>Non-current liabilities</b>			
Provisions	36	0.00	0.00
Non-Current Finance lease obligation	37	0.00	0.00
Non-Current portion of deferred income	38	0.00	0.00
Non - Current portion of borrowings	39	0.00	0.00
Service concession liability	40	<b>0.00</b>	<b>0.00</b>
Social Benefits	41	<b>0.00</b>	<b>0.00</b>



**Yala Sub-County Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

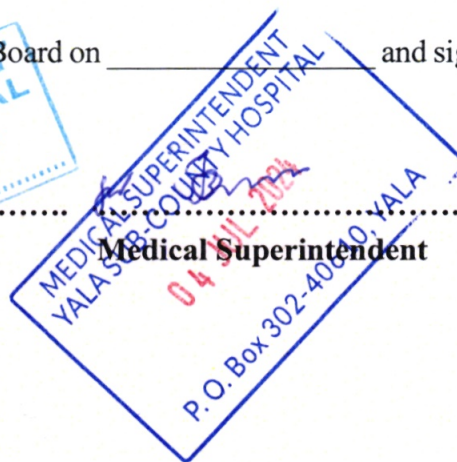
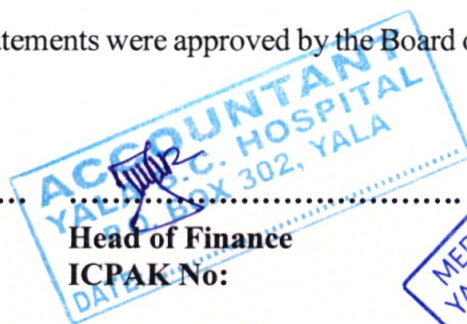
Description	Note	F/Y 22/23	F/Y 21/22
		Kshs	Kshs
Total Non-current liabilities		0.00	0.00
Total Liabilities		8,100,282.00	3,564,324.00
<b>Net assets</b>			
Revaluation reserve		0.00	0.00
Accumulated surplus/Deficit		2,563,523.00	(108,412.00)
Capital Fund		xxx	0.00
		xxx	
<b>Total Net Assets and Liabilities</b>		<b>12,846,526.00</b>	<b>17,615,697.00</b>

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**



*Yala Sub-County Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2021</b>	<b>9,613,142.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,613,142.00</b>
Revaluation gain		-	-	xxx
Surplus/(deficit) for the year	-702,987.00	0.00	-	-702,987.00
Capital/Development grants	-	-	0.00	xxx
<b>As at June 30, 2022</b>	<b>8,910,155.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,910,155.00</b>
<b>At July 1, 2022</b>	<b>8,910,155.00</b>	<b>0.00</b>	<b>xxx</b>	<b>8,910,155.00</b>
Revaluation gain		-	-	0.00
Surplus/(deficit) for the year	-693,092.00	2,563,523.00	-	1,870,431.00
Capital/Development grants	-	-	xxx	0.00
<b>At June 30, 2023</b>	<b>8,217,063.00</b>	<b>0.00</b>	<b>xxx</b>	<b>8,217,063.00</b>



*Yala Sub-County Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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Capital grants received		xxx	0.00
Net cash flows used in financing activities		(xxx)	0.00
Net increase/(decrease) in cash and cash equivalents		<b>2,563,523.00</b>	<b>(108,412.00)</b>
Cash and cash equivalents as at 1 July 22	27	8,910,155.00	8,910,155.00
<b>Cash and cash equivalents as at 30 June 23</b>	27	<b>8,217,063.00</b>	<b>8,910,155.00</b>

*Yala Sub-County Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

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

Description	Note	FY 2022-2023	FY2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	7	11,813,788.00	6,022,484.00
Grants from donors and development partners	8	0.00	0.00
Transfers from other Government entities	9	0.00	0.00
Public contributions and donations	10	0.00	0.00
Rendering of services- Medical Service Income	11	32,630,725.00	25,216,541.00
Revenue from rent of facilities	12	29,000.00	37,500.00
Finance / interest income	13	0.00	0.00
Miscellaneous receipts( <i>specify</i> )	14	0.00	0.00
<b>Total Receipts</b>		<b>44,473,513.00</b>	<b>31,276,525.00</b>
<b>Payments</b>			
Medical/Clinical costs	15	13,478,919.00	10,446,907.00
Employee costs	16	8,945,529.25	8,295,575.00
Board of Management Expenses	17	0.00	0.00
Depreciation and amortization Expenses	18	0.00	0.00
Repairs and maintenance	19	1,372,330.00	1,093,807.00
Grants and subsidies	20	4,436,862.00	3,600,477.00
General expenses	21	13,658,231.00	7,939,911.00
Finance costs	22	18,119.00	8,260.00
Refunds paid out		0.00	0.00
<b>Total Payments</b>		<b>41,909,990.00</b>	<b>31,384,937.00</b>
<b>Net cash flows from operating activities</b>	42	<b>2,563,523.00</b>	<b>(108,412.00)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		0.00	0.00
Proceeds from the sale of property, plant, and equipment		0.00	0.00
Acquisition of investments		0.00	0.00
<b>Net cash flows used in investing activities</b>		<b>2,563,523.00</b>	<b>(108,412.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		xxx	0.00
Repayment of borrowings		(xxx)	0.00



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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	8,020,000	5,000,000	13,020,000	11,813,788	1,206,212	98
Grants from donors and development partners	0.00	0.00	0.00	0.00	0.00	%
Transfers from other Government entities	0.00	0.00	0.00	0.00	0.00	%
Public contributions and donations	0.00	0.00	0.00	0.00	0.00	%
Rendering of services- Medical Service Income	30,617,500	8,000,000	38,617,500	32,630,725	5,986,775	84%
Revenue from rent of facilities	30,000	0.00	30,000	29,000	1,000	97%
Finance / interest income	0.00	0.00	0.00	0.00	0.00	%
Miscellaneous receipts ( <i>specify</i> )	0.00	0.00	0.00	0.00	0.00	%
<b>Total income</b>	<b>38,667,500</b>	<b>13,000,000</b>	<b>51,667,500</b>	<b>44,473,513</b>	<b>7,193,987</b>	<b>93</b>
<b>Expenses</b>						
Medical/Clinical costs	10,916,300	9,470,500	20,386,800	13,478,919	6,907,881	94
Employee costs	6,386,175	6,500,000	12,886,175	8,945,529.25	3,985,645	69
Remuneration of directors	0.00	0.00	0.00	0.00	0.00	%
Repairs and maintenance	2,428,500	0.00	2,428,500	1,371,980	1,056,520	56
Grants and subsidies	5,670,690	0.00	5,670,690	4,436,861	1,233,829	78
General expenses	10,371,525	7,500,000	18,370,525	13,658,231	4,712,294	76
Finance costs	15,000	7,340	22,340	18,119	4,221	81
<b>TOTAL EXPENDITURE</b>	<b>36,288,190</b>	<b>23,477,840</b>	<b>59,765,030</b>	<b>41,909,990.0</b>	<b>17,900,390</b>	<b>66</b>
<b>Surplus for the period</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>2,563,523.00</b>		<b>%</b>
<b>Capital expenditure</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>%</b>





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

### **1. General Information**

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

### **2. Statement of Compliance and Basis of Preparation**

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

*i.* **New and amended standards and interpretations in issue effective in the year ended 30 June 2023.**

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



**Yala Sub-County Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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

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

<b>Standard</b>	<b>Effective date and impact</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> <li><b>i.</b> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</li> <li><b>ii.</b> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</li> </ol>

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*



**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY xxx was approved by Board on xxxx. 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 xxxx on the FY xxx 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 on page xxx under section xxx of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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



*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of .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**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



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

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

*Notes to the Financial Statements (Continued)*

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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



*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

**p. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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



*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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



**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	xxx	xxx
Level 5 grants	xxx	xxx
Unconditional development grants	xxx	xxx
Other grants	xxx	xxx
	xxx	xxx
<b>Conditional grants</b>		
User fee forgone	xxx	xxx
Transforming health services for Universal care project (THUCP)	xxx	xxx
DANIDA	xxx	xxx
Wards Development grant	xxx	xxx
Paediatric block grant	xxx	xxx
Administration block grant	xxx	xxx
Laboratory grant	xxx	xxx
<b>Total government grants and subsidies</b>	<b>xxx</b>	<b>xxx</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
xx County Government	xxx	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

*(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*



Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	F/Y 2022/2023	F/Y 2021/2022
	KShs	KShs
Salaries and wages	6,500,000	6,022,484
Medical supplies-Drawings Rights (KEMSA)	5,313,787.50	0.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0.00	0.00
Utility bills	0.00	0.00
<b>Total grants in kind</b>	<b>11,813,787.5</b>	<b>6,022,484</b>

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	F/Y 22/23	F/Y 2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	xxx	xxx
World Bank grants	xxx	xxx
Paediatric ward grant- JICA	xxx	xxx
Research grants	xxx	xxx
Other grants ( <i>specify</i> )	xxx	xxx
<b>Total grants from development partners</b>	<b>xxx</b>	<b>xxx</b>

(Provide brief explanation for this revenue)

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

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



**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	F/Y 22/23	F/Y 2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	xxx	xxx
Transfer from xxx National Hospital	xxx	xxx
Transfer from xxx Institute	xxx	xxx
<b>Total Transfers</b>	<b>xxx</b>	<b>xxx</b>

**10. Public Contributions and Donations**

Description	F/Y 22/23	F/Y 2021/2022
	KShs	KShs
Public donations	xxx	xxx
Donations from local leadership	xxx	xxx
Donations from religious institutions	xxx	xxx
Donations from other international organisations and individuals	xxx	xxx
Other donations( <i>specify</i> )	xxx	xxx
Donations in kind-amortised	xxx	xxx
<b>Total donations and sponsorships</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**10 (a) Reconciliations of amortised grants**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>xxx</b>	<b>xxx</b>
Current year receipts	xxx	xxx
Amortised and transferred to revenue	xxx	xxx
<b>Conditions to be met – remain liabilities</b>	<b>xxx</b>	<b>xxx</b>

**Notes to Financial Statements Continued**

**11. Rendering of Services-Medical Service Income**

<b>Description</b>	<b>F/Y 22/23</b>	<b>F/Y 2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	2,678,825	2,143,795.00
Non-Pharmaceuticals	781,200	2,940,756.00
Laboratory	3,460,670	3,136,950.00
Radiology	1,867,650	1,369,600.00
Orthopedic and Trauma Technology	232,800	44,700.00
Theatre	439,000	542,000.00
Dental Services	549,900	537,100.00
NHIF Rebates/Linda Mama	15,407,620	11,771,260.00
Attachment Fee	287,000	262,000.00
Mortuary	3,560,200	2,419,500.00
Occupational Therapy	9,300	
Out Patient Department	568,200	406,350.00
Disability Assessment	200	
Medical Records	544,880	525,540.00
Physiotherapy	117,300	197,460.00
Clinics	59,200	61,600.00
Medical Examination	80,400	114,300.00
Eye Clinic	97,950	49,650.00
In-Patient	1,798,430	1,276,160.00
Ambulance	90,000	74,500.00
<b>Total revenue from the rendering of services</b>	<b>32,630,725</b>	<b>25,216,541.00</b>

*(Other medical services fee relates to other charges not listed above and should be specified)*



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

**12. Revenue From Rent of Facilities**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
Residential property		0.00
Commercial property	29,000.00	37,500.00
<b>Total Revenue from rent of facilities</b>	<b>29,000.00</b>	<b>37,500.00</b>

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

Description	F/Y 22/23	F/Y 2021/2022
	KShs	KShs
Insurance recoveries	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Sale of goods (water, publications, containers etc.)	xxx	xxx
Write backs (Deposits, payments in advance etc.)	xxx	xxx
Bad debts recovered	xxx	xxx
<i>Others (Specify)</i>	xxx	xxx
<b>Total Miscellaneous income</b>	<b>xxx</b>	<b>xxx</b>

*(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).*



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

**15. Medical/ Clinical Costs**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
Dental costs/ materials	165,050	75,700.00
Laboratory chemicals and reagents	2,021,188.80	2,450,12.00
Nutrition Materials	150,000	290,400.00
Food and Ration	4,870,992	3,485,140.00
Uniform, clothing, and linen	0.00	0.00
Dressing and Non-Pharmaceuticals	1,921,939	1,172,602.00
Pharmaceutical supplies	1,279,296	1,676,687.00
Health information stationery	1,603,575	692,700.00
Reproductive health materials	0.00	
Sanitary and cleansing Materials	111,200	38,000.00
Purchase of Medical gases	357,278	200,726.00
X-Ray/Radiology supplies	998,400	364,800.00
Other medical related clinical costs ( <i>specify</i> )	0.00	xxx
<b>Total medical/ clinical costs</b>	<b>13,478,919</b>	<b>10,446,907.00</b>

*(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)*

**16. Employee Costs**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	8,945,529.25	8,295,575.00
Contributions to pension schemes	0.00	0.00
Service gratuity	0.00	0.00
Performance and other bonuses	0.00	0.00
Staff medical expenses and Insurance cover	0.00	0.00
Group personal accident insurance and WIBA	0.00	0.00
Social contribution	0.00	0.00
Other employee costs ( <i>specify</i> )	0.00	0.00
<b>Employee costs</b>	<b>8,945,529.00</b>	<b>8,295,575.00</b>

*(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)*



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

**17. Board of Management Expenses**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
Chairman's Honoraria	0.00	0.00
Sitting allowance	0.00	0.00
Mileage	0.00	0.00
Insurance expenses	0.00	0.00
Induction and training	0.00	0.00
Travel and accommodation allowance	0.00	0.00
Airtime allowances	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**18. Depreciation and Amortization Expense**

Description	F/Y 22/23	F/Y 2021/2022
	Kshs	Kshs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
<b>Total depreciation and amortization</b>	<b>xxx</b>	<b>xxx</b>

**19. Repairs And Maintenance**

Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Property- Buildings	884,350	669,217.00
Medical equipment	0.00	20,000.00
Office equipment	10,000	0.00
Furniture and fittings	20,445	0.00
Computers and accessories	35,000	8,990.00
Motor vehicle expenses	257,015	203,700.00
Maintenance of civil works(Plant and Machinery)	165,520	191,900.00
<b>Total repairs and maintenance</b>	<b>1,372,330</b>	<b>1,093,807.00</b>



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

**20. Grants And Subsidies**

Description	FY 22/23	F/Y 2021/2022
	Kshs	Kshs
Community development and social work	xxx	xxx
Education initiatives and programs	xxx	xxx
Free/ subsidised medical camp	xxx	xxx
Disability programs	xxx	xxx
Free cancer screening	xxx	xxx
Social benefit expenses	xxx	xxx
Other grants and subsidies( <i>specify</i> )	4,436,861.75	3,600,477.00
<b>Total grants and subsidies</b>	<b>4,436,861.75</b>	<b>3,600,477.00</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

**21. General Expenses**

Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Advertising and publicity expenses	xxx	xxx
Catering expenses	xxx	xxx
Waste management expenses	xxx	xxx
Insecticides and rodenticides	xxx	xxx
Audit fees	xxx	xxx
Bank charges	xxx	xxx
Conferences and delegations	xxx	xxx
Consultancy fees	xxx	xxx
Contracted services	xxx	xxx
Electricity expenses	1,676,254	1,923,560.00
Fuel and Lubricants	2,391,556	1,284,930.00
Insurance	xxx	xxx
Research and development expenses	xxx	xxx
Travel and accommodation allowance	200,000.00	7,000.00
Legal expenses	xxx	xxx
Licenses and permits	xxx	xxx
Courier and postal services	9,450.00	xxx
Printing and stationery	235,000	274,580.00
Hire charges	xxx	xxx
Other Fuels	435,789.00	344,617.00
Water and sewerage costs	xxx	xxx
Skills development levies	xxx	xxx



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Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Telephone and mobile phone services	180,000.00	140,000.00
Internet expenses	xxx	xxx
Staff training and development	429,900.00	400,900.00
Subscriptions to professional bodies	xxx	xxx
Subscriptions to newspapers periodical, magazines, and gazette notices	xxx	xxx
Library books/Materials	xxx	xxx
Other Creditors	8,100,282.00	3,564,324.00
<b>Total General Expenses</b>	<b>13,658,231.00</b>	<b>7,939,911.00</b>

**22. Finance Costs**

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Borrowings (amortized cost) *	xxx	xxx
Bank Charges	18,119.00	8,260.00
Interest on Bank overdrafts/Guarantees	xxx	xxx
Interest on loans from commercial banks	xxx	xxx
<b>Total finance costs</b>	<b>18,119.00</b>	<b>8,260.00</b>

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

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

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Other assets not capitalised ( <i>specify</i> )	xxx	xxx
<b>Total gain on sale of assets</b>	<b>0.00</b>	<b>xxx</b>

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

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Investments at fair value	xxx	xxx
<b>Total gain</b>	<b>xxx</b>	<b>xxx</b>

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

**25. Medical Services Contracts Gains /Losses**

<b>Description</b>	<b>F/Y 22/23</b>	<b>F/Y 21/22</b>
	<b>KShs</b>	<b>KShs</b>
Comprehensive care contracts with NHIF	xxx	xxx
Non- Comprehensive contracts care with NHIF	xxx	xxx
Linda Mama Program	xxx	xxx
Waivers and Exemptions	xxx	xxx
<b>Total Gain/Loss</b>	<b>xxx</b>	<b>xxx</b>

**26. Impairment Loss**

<b>Description</b>	<b>F/Y 22/23</b>	<b>Insert Comparative FY</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
<b>Total impairment loss</b>	<b>xxx</b>	<b>xxx</b>

**27. Cash And Cash Equivalentents**

<b>Description</b>	<b>F/Y 22/23</b>	<b>Insert Comparative FY</b>
	<b>KShs</b>	<b>KShs</b>
Current accounts	8,217,063.00	8,910,155.00
On - call deposits	xxx	xxx
Fixed deposits accounts	xxx	xxx
Cash in hand	xxx	xxx
Others( <i>specify</i> )- Mobile money	xxx	xxx
<b>Total cash and cash equivalentents</b>	<b>8,217,063.00</b>	<b>8,910,155.00</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*



Notes to the Financial Statements (Continued)

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

Description		F/Y 22/23	F/Y 2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative Bank	01141740944401	3,861,974.00	2,554,280.00
Cooperative Bank	01141740944400	1,806,321.00	276,960.00
Cooperative Bank	01141517779600	2,548,768.00	6,078,915.00
<b>Sub- total</b>		<b>8,217,063.00</b>	<b>8,910,155.00</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		xxx	xxx
Equity Bank – etc		xxx	xxx
<b>Sub- total</b>		<b>xxx</b>	<b>xxx</b>
<b>c) Fixed deposits account</b>			
Bank Name		xxx	xxx
<b>Sub- total</b>		<b>xxx</b>	<b>xxx</b>
<b>d) Others(specify)</b>		xxx	xxx
cash in hand		xxx	xxx
Mobile money- Mpesa, Airtel money		xxx	xxx
<b>Sub- total</b>		<b>xxx</b>	<b>xxx</b>
<b>Grand total</b>		<b>8,217,063.00</b>	<b>8,910,155.00</b>

28. Receivables From Exchange Transactions

Description	F/Y 22/.23	F/Y 21/22
	KShs	KShs
Medical services receivables	8,152,020.00	4,020,060.00
Rent receivables	1,000.00	xxx
Other exchange debtors	xxx	xxx
Less: impairment allowance	xxx	xxx
<b>Total receivables</b>	<b>8,153,020.00</b>	<b>4,020,060.00</b>

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

**Analysis of Receivables From Exchange Transactions**

Description	F/Y 22/23		F/Y 21/22	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
<b>Total (a+b)</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>

**29. Receivables From Non-Exchange Transactions**

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors ( <i>non-exchange transactions</i> )	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)*

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

Description	F/Y 22/23		F/Y 21/22	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
<b>Total (a+b)</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>



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**30. Inventories**

<b>Description</b>	<b>F/Y 22/23</b>	<b>Insert Comparative FY</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	3,811,100.00	6,365,690.00
Non Pharmaceuticals	0.00	975,310.00
Food supplies	186,000.00	218,806.00
Laboratory Commodities	0.00	690,000.00
Cleaning materials supplies	0.00	0.00
General supplies	579,625.00	0.00
Less: provision for impairment of stocks	0.00	0.00
<b>Total</b>	<b>4,576,725.00</b>	<b>8,249,806.00</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 20XX (previous year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	-	-	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers/adjustments	xxx	xxx	(xxx)	xxx			xxx	(xxx)
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
At 1 July 20XX (current year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustments		xxx		xxx			(xxx)	-
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Depreciation and impairment</b>								
At 1 July 20XX (previous year)		xxx	xxx	xxx	xxx	xxx		xxx
Depreciation for the year		xxx	xxx	xxx	xxx	xxx		xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
<b>At 30 June 20XX</b>		<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>		<b>xxx</b>



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

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	xxx	xxx
Additions	xxx	xxx
Additions-Internal development	xxx	xxx
Disposal	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	xxx	xxx
Amortization for the period	xxx	xxx
Impairment loss	xxx	xxx
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>
<b>NBV</b>	<b>xxx</b>	<b>xxx</b>

33. Investment Property

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
<b>At beginning of the year</b>	xxx	xxx
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation ( <i>where investment property is at cost</i> )	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*



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34. Trade and other Payables

Description	F/Y 22/23		F/Y 21/22	
	KShs		KShs	
Trade payables	8,100,282.00		3,564,324.00	
Employee dues	xxx		xxx	
Third-party payments (e.g. unremitted payroll deductions)	xxx		xxx	
Audit fee	xxx		xxx	
Doctors' fee	xxx		xxx	
<b>Total trade and other payables</b>	<b>8,100,282.00</b>		<b>3,564,324.00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
<b>Total</b>	<b>xxx</b>	<b>%</b>	<b>xxx</b>	<b>%</b>

35. Refundable Deposits from Customers/Patients

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

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36. Provisions

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

37. Finance Lease Obligation

Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
<b>Total</b>	<b>Xxx</b>	<b>xxx</b>

38. Deferred Income

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>



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

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

39. Borrowings

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Balance at beginning of the period	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the period	xxx	xxx

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

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
Total	xxx	xxx

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

41. Social Benefit Liabilities

Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Health social benefit scheme	xxx	xxx
Unemployment social benefit scheme	xxx	xxx
Orphaned and vulnerable benefit scheme	xxx	xxx
People Living with Disabilities benefit Scheme	xxx	xxx
Elderly social benefit scheme	xxx	xxx
Bursary social benefits	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
Current social benefits	xxx	xxx
Non- current social benefits	xxx	xxx
<b>Total (tie to totals above)</b>	<b>xxx</b>	<b>xxx</b>



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42. Cash Generated from Operations

Description	F/Y 22/23	F/Y 21/22
	KShs	KShs
Surplus for the year before tax	2,563,523.00	(108,412.00)
<b>Adjusted for:</b>		
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
<b>Working Capital adjustments</b>		
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
<b>Net cash flow from operating activities</b>	<b>2,563,523.00</b>	<b>(108,412.00)</b>

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

**43. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
At 30 June 20XX (current year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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



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

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

**(ii) Liquidity risk management**

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

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

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



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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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



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Notes to the Financial Statements (Continued)

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

**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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshc	Kshs	Kshs
<b>20XX (previous year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>20XX (current year)</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**b) 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.

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

**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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**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:

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
<b>Total funds</b>	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ ( <i>excess cash and cash equivalents</i> )	xxx	xxx
<b>Gearing</b>	xx%	xx%



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

**44. 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.

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

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Grants from the Government</b>		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>d) Key management compensation</b>		

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Description	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**45. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**46. Contingent Liabilities**

Contingent liabilities	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Court case xxx against the company	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(Give details)*

**47. Capital Commitments**

Capital Commitments	F/Y 22/23	F/Y 21/22
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**48. Events after the Reporting Period**

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



**49. Ultimate and Holding Entity**

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

**50. Currency**

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

**20. Appendices**

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

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

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

**Guidance Notes:**

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

*(Handwritten signature)*  
**Accounting Officer**  
 MEDICAL SUPERINTENDENT  
 YALA SUB-COUNTY HOSPITAL  
 07 JUL 2023  
 P.O. BOX 302-40610, YALA



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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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**Appendix III: Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

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

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

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

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

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



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**Appendix IV Reporting of Climate Relevant Expenditures**

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

**Appendix V: Disaster Expenditure Reporting Template**

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