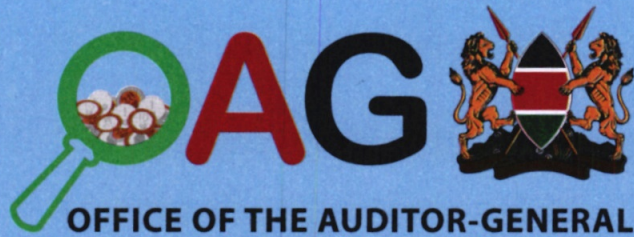


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

**OF**

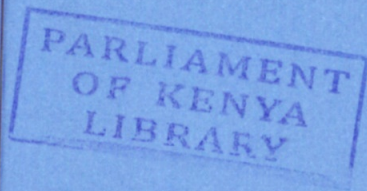
**THE AUDITOR-GENERAL**

**ON**

**SIAYA COUNTY REFERRAL  
LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF SIAYA**



25/09/24  
SM L  
Aseki



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**SIAYA COUNTY REFERRAL Level 4 HOSPITAL  
(Siaya County Government)**

**AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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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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## I. Key Entity Information and Management

### (a) Background information

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

### (b) Principal Activities

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

### (c) Key Management

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

- County department of health
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Various thematic sub-committees

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Liech Adoyo</b>
2.	Head of Finance	<b>Ms. Violet Waswa Wanyonyi</b>
3.	Head of Supply chain	<b>Ms. Eunice Ombogo</b>
4.	Hospital Administrator	<b>Mr. Paul Omwandho</b>

### (e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the Siaya county referral hospital for the period ended 30<sup>th</sup> June 2022 were;

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

**(f) Entity Headquarters**

Siaya County Referral Hospital  
P.O. Box 144-40600  
SIAYA, KENYA

**(g) Entity Contacts**

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

**(h) Entity Bankers**

Kenya Commercial Bank  
P. O Box 52-40600  
SIAYA

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

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

## **II. The Board of Management**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed during the period under review. The Facility is yet to appoint new board of directors.

### III. Management Team

Management	Key Qualifications	Details
1. DR. LIECH ADOYO	BACHELOR OF DENTAL SURGERY	MEDICAL SUPERINTENDENT
2. MR. SOLOMON OSEWE	BSC. NURSING	NURSING MANAGER
3. DR. REUBEN OWINO	BACHELOR OF PHARMACY	PHARMACY IN CHARGE
4. MR. EVANS ONGWEN	DIPLOMA IN MEDICAL LABORATORY SCIENCE/ BSC. IN MEDICAL LABORATORY SCIENCE	LABORATORY MANAGER
5. MR. PAUL OMWANDHO	BACHELOR OF ARTS DEGREE	HOSPITAL ADMINISTRATOR
6. MS. VIOLET WASWA WANYONYI	CPA FINALIST	ACCOUNTANT IN CHARGE



**IV. Chairman's Statement**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The Facility is yet to appoint new board of directors.

**V. Report of The Chief Executive Officer**

Siaya County Referral Hospital management is under the Medical Superintendent

## **VI. Statement of Performance Against Predetermined Objectives**

### **Introduction**

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

### **Strategic development objectives (Adopted from Siaya County)**

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

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

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar/ theme/ issue 1:				
Health and Sanitation	To reduce mortality from preventable deaths	To reduce mortality from preventable deaths	No. Completed medical laboratories	3
			No. Completed maternity units	5
			No. Completed general wards	2
			No. Completed dispensaries	3
			% of Clients counselled and tested for HIV	83%
			% of HIV positive clients linked to care	97%
			% of WRA who know their HIV status	92%
			Percentage of HEI turning HIV positive at 18 months	2%

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

## **VII. Corporate Governance Statement**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The Facility is yet to appoint new board of directors.

## **VIII. Management Discussion and Analysis**

It is my pleasure to present the financial statements of the Siaya County Referral Hospital for the year ended 30<sup>th</sup> June 2022. The financial statements present the financial performance of the Hospital over the past year.

### **Section A**

#### *The entity's operational and financial performance*

The Hospital has seen a growth in Revenue trends over the past periods. During the year, the Facility recorded a total of **Ksh. 192,014,582** as revenues. A total of **Ksh. 201,347,226** was incurred as Expenditures.

### **Section B**

#### **Entity's compliance with statutory requirements**

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

### **Section C**

#### **Major risks facing the entity**

The major risk factor facing the Hospital is under funding that leads to the lack of liquidity to finance most of its operations. This poses a challenge in terms of offsetting its accrued pending bills and hampers operational efficiencies.

### **Section D**

#### **Material arrears in statutory/financial obligations**

During the reporting period, the hospital accrued a total of **Ksh. 57,273,228.01** as pending bills.

### **Section E**

There were no governance issues noted during the period save for lack of a Board that was still not in place by the time of reporting.

## **IX. Environmental and Sustainability Reporting**

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

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

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

In consultative planning and budgeting process, the hospital has ensured all stakeholders are brought on board in project identification, implementation to completion and this has ensured project ownership by the intended beneficiaries and ultimately creating the desired impact. The hospital has developed own source revenue collection strategy as a deliberate effort of laying down strategies of improving own source revenue collected within the facility. These efforts are aimed at boosting the fiscal resource basket of the hospital.

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

### **ii) Environmental performance**

Siaya County Referral Hospital is yet to establish an environmental policy however, the hospital has adopted National laws to guide the hospital operations and help in compliance with environmental laws.

### **iii) Employee welfare**

To improve staff performance, Siaya County Referral Hospital has initiated capacity building programmes to staffs through trainings by Kenya School of Government and partners. Further, the Human Resource department coordinates staff appraisal, performance contracting and propose rewards and sanctions.

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

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

In 2019, the County Government was declared a corruption free zone after engagements with Ethics and Anti-corruption commission. This transcends to the routine operations within the facility which has since strived to eradicate corrupt activities thus improving on service delivery. The facility advocates for fairness in service provision, resource allocation, and awarding of tenders to suppliers.

**y) Community Engagements-**

Siaya County Referral Hospital is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various departments have partnered with NGO's to provide CSR services. The facility has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements.

## **X. Report of The Board of Management**

Siaya County Referral Hospital Board of Director's term of service had expired, and had not been renewed. The Facility is yet to appoint new board of directors.

## X. Statement of Board of Management's Responsibilities

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

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

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

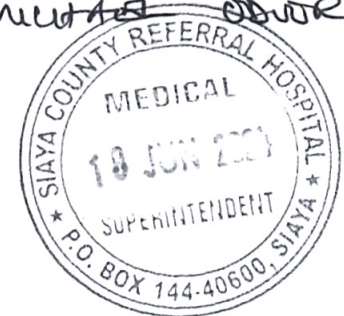
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital's financial statements were approved on 14<sup>th</sup> July 2022 and signed on its behalf by:

.....  
Name:  
Chairperson  
Board of Management

.....  
Name: *Dr. Mutua Odior*  
Accounting Officer



*\*The Board was not in place as at the time of preparation of this report*



# REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - 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 Siaya County Referral Level 4 Hospital – County Government of Siaya set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

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*Report of the Auditor-General on Siaya County Referral Level 4 Hospital for the year ended 30 June, 2022 -County Government of Siaya*

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

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

### **Basis for Qualified Opinion**

#### **1. Unsupported Opening Balance for Cash and Cash Equivalent**

The statement of cashflows reflects cash and cash equivalent as at 30 June, 2021 of Kshs.106,899 as being disclosed in Note 27 of the financial statements. However, there were no disclosures in the Note in relation to the balance. In addition, the statement of financial position reflects a balance of Kshs.106,899 in respect to revaluation reserve which was not supported by documents and a Note to the financial statements.

In the circumstances, the accuracy and completeness of the opening balance for cash and cash equivalent of Kshs.106,899 could not be confirmed.

#### **2. Doubtful Sustainability of Services**

The statement of financial position reflects total assets of Kshs.48,047,482 against total current liabilities of Kshs.57,273,228 resulting in a negative working capital of Kshs.9,225,745. This casts doubts on the Hospital's ability to continue to sustain its services and the Management has not disclosed this fact in the financial statements.

In the circumstances, the Hospital ability to meet its obligations when they fall due is doubtful and sustainability of services may be at risk.

#### **3. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects a Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents were not provided for audit. In addition, the Hospital sits on land measuring approximately thirteen (13) acres. However, the land does not have a title deed and although the Hospital has

pursued surveying and physical planning of the Hospital's land through the Ministry of Land, the ownership documents have so far not been obtained.

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

#### **4. Unconfirmed Intangible Asset Balance**

The statement of financial position reflects Nil intangible assets balance. However, the Hospital had two (2) systems one for revenue collections and reporting, process control module (OPD/IPD), Electronic medical record system (Consultation module, theatre Laboratory, Pharmacy etc) and the other for medicine tracking and dispensing which were not which were not recognised, amortized and reported in the financial statements.

In the circumstances, the accuracy and completeness of Nil intangible assets balance could not be confirmed.

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

#### **Key Audit Matters**

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. 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 was 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. 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 the Kenya Quality Model for Health Policy Guidelines due to staff deficit by seven (7) staff requirements or 31.82% of the authorized establishments as tabulated below;

<b>Staff Requirements</b>	<b>Level 4 Hospital Standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Medical Officers	16	14	2	12.5
Anesthesiologists	2	0	2	100
Pediatrics	2	1	1	50
Radiologists	2	0	2	100
<b>Total</b>	<b>22</b>	<b>15</b>	<b>7</b>	<b>31.82</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>
Resuscitaire in Labour Ward	2	1	1	50
Functional ICU Beds	6	5	1	16.67
Functional High Dependency Unit (HDU) Beds	6	0	6	100

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

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

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 audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Hospital Management Board**

Review of the Hospital records revealed that the County Executive Committee Member for Health had not appointed the Hospital Management Board for the last two (2) years to oversee administration, promote the development, approve plans, programs, and estimates of the hospital.

In these circumstances, the Hospital will not achieve its strategic objectives.

### **2. Lack of Risk Management Policy**

During the year under review, the Hospital Management did not have in place a risk management policy to identify, assess and control risks, ensure fraud prevention mechanism and build robust business operations

In the circumstances, Management may not be in a position to identify risk, rank them and allocate resources to mitigate them.

### **3. Incomplete Fixed Assets Register**

Review of the asset register provided for audit reveal missing details of assets description, cost or valuation, depreciation computation and relevant documentations for additions during the year. Further, the assets were not tagged with unique identification codes.

In the circumstances, the existence of effective mechanisms to safeguard assets could not be confirmed

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

## **Responsibilities of Management and the Hospital Board of Management**

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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



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

Description	Notes	2021/2022	2020/2021
		<b>Kshs</b>	<b>Kshs</b>
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	5,228,845	-
In-kind contributions from the County Government	7	43,692,781	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>48,921,626</b>	<b>-</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	143,092,956	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income	14	-	-
<b>Revenue from exchange transactions</b>		<b>143,092,956</b>	<b>-</b>
<b>Total revenue</b>		<b>192,014,582</b>	<b>-</b>
<b>Expenses</b>			
Medical/Clinical costs	15	114,125,864	
Employee costs	16	29,975,091	
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	9,297,411	
Grants and subsidies	20		
General expenses	21		

**Siaya County Referral Level 4 Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

		47,860,441	
Finance costs	22	88,419	
<b>Total expenses</b>		<b>201,347,226</b>	
<b>Other gains/ (losses)</b>			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
<b>Total other gains/(losses)</b>		-	
<b>Net Surplus for the quarter</b>		<b>9,332,644</b>	
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

*\*The Board was not in place as at the time of preparation of this report*



*\*The Facility assets are yet to be valued.*

The Hospital's financial statements were approved on 14<sup>th</sup> July 2022 and signed on its behalf by:

.....  
**Chairman**

**Board of Management**

  
**ACCOUNTANT IN CHARGE**  
 SIAYA COUNTY REFERRAL HOSPITAL  
 Esack Ochieng  
 14/7/2022  
**Head of Finance**  
 ICPAK No: 19704  
 SIAYA

  
**DR. MUTHIA ODUOR**  
**Medical Superintendent**  


**XIII. Statement of Financial Position as at 30<sup>th</sup> June 2022**

Description	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	43,239,271	
Receivables from exchange transactions	28	513,238	
Receivables from non-exchange transactions	29	-	
Inventories	30	4,294,973	
<b>Total Current Assets</b>		<b>48,047,482</b>	
<b>Non-current assets</b>		-	
Property, plant, and equipment	31	-	
Intangible assets	32	-	
Investment property	33	-	
<b>Total Non-current Assets</b>		-	
<b>Total assets</b>		<b>48,047,482</b>	
<b>Liabilities</b>		-	
<b>Current liabilities</b>		-	
Trade and other payables	34	57,273,228	
Refundable deposits from customers/Patients	35	-	
Provisions	36	-	
Finance lease obligation	37	-	
Current portion of deferred income	38	-	
Current portion of borrowings	39	-	
<b>Total Current Liabilities</b>		<b>57,273,228</b>	
<b>Non-current liabilities</b>		-	
Provisions	36	-	
Non-Current Finance lease obligation	37	-	
Non-Current portion of deferred income	38	-	
Non - Current portion of borrowings	39	-	
Service concession liability	40	-	
<b>Total Non-current liabilities</b>		-	
<b>Total Liabilities</b>		-	

**Siaya County Referral Level 4 Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

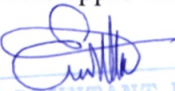
<b>Net assets</b>		-	<b>9,225,746</b>
Revaluation reserve			106,899
Accumulated surplus/Deficit		-	9,332,644
Capital Fund			-
<b>Total Net Assets and Liabilities</b>		-	<b>9,225,745</b>


*\*The Facility assets are yet to be valued.*

*\*The Board was not in place as at the time of preparation of this report*

The Hospital's financial statements were approved on 14<sup>th</sup> July 2022 and signed on its behalf by:

.....  
**Chairman**  
**Board of Management**

  
**ACCOUNTANT-IN-CHARGE**  
**ERIC KIPROP**  
**Head of Finance 2024**  
**ICPAK No: 197704**  
**P. O. Box 144-40600.**  
**SIAYA**

  
**DR. MUBEL OBURO**  
**Medical Superintendent**





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

Description	Note	2021/2022	2020/2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	5,228,845	
In Kind Contributions from The County Government	7	43,692,781	
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income	11	143,092,956	
Revenue from rent of facilities			
Finance / interest income			
Other receipts( <i>specify</i> )			
<b>Total Receipts</b>		<b>192,014,582</b>	
<b>Payments</b>			
Medical/Clinical costs	15	114,125,864	
Employee costs	16	29,975,091	
Board of Management Expenses			
Repairs and maintenance	19	9,297,411	
Grants and subsidies			
General expenses	21	47,860,441	
Finance costs	22	88,419	
Refunds paid out			
<b>Total Payments</b>		<b>201,347,226</b>	
<b>Adjusted for</b>			
Decrease/(Increase) in Accounts Receivable: Outstanding Imprests		- 513,238	
Decrease/(Increase) in Accounts Payables		57,273,228	
Inventory		- 4,294,973	
<b>Net cash flows from/(used in) operating activities</b>	41	<b>43,132,373</b>	
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, & intangible assets			

**Siaya County Referral Level 4 Hospital (Siaya County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
<b>Net cash flows from /(used in) investing activities</b>			-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
<b>Net cash flows from /(used in) financing activities</b>			-
<b>Net increase /(decrease) in cash and cash equivalents</b>			<b>43,132,373</b>
Cash and cash equivalents at 30th June 2021	27		106,899
<b>Cash and cash equivalents at 31st June 2022</b>	<b>27</b>		<b>43,239,271</b>

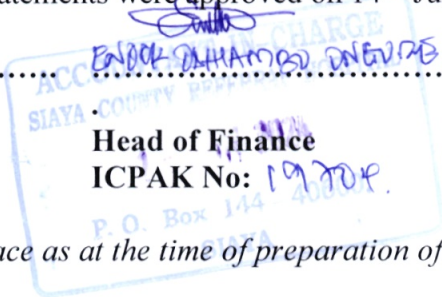
The notes set out on pages 25 to 36 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved on 14<sup>th</sup> July 2022 and signed on its behalf by:

.....  
**Chairman**  
**Board of Management**

.....  
**Head of Finance**  
**ICPAK No: 19709**

.....  
**Medical Superintendent**

*\*The Board was not in place as at the time of preparation of this report*



*Siaya County Referral Level 4 Hospital (Siaya County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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

Description	Original budget	Adjustments	Final budget	Actual	% of utilization
				Cumulative to date	
	a	b	c=(a+b)	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>					
Transfers from the County Government	27,533,048	-	27,533,048	5,228,845	19
Grants from donors and development partners					
Transfers from other Government entities					
In- kind contributions from the County Government				43,692,781	
Public contributions and donations					
Rendering of services- Medical Service Income	266,178,541	-	266,178,541	143,092,956	54
Revenue from rent of facilities					
Finance / interest income					
Other receipts (specify)					
<b>Total income</b>	<b>293,711,589</b>	<b>-</b>	<b>293,711,589</b>	<b>192,014,582</b>	<b>65</b>
<b>Expenses</b>					
Medical/Clinical costs	118,194,444	-	118,194,444	114,125,864	97
Employee costs	31,661,760	-	31,661,760	29,975,091	-
Remuneration of directors					-
Repairs and maintenance	99,087,155	-	99,087,155	9,297,411	9
Grants and subsidies					
General expenses	44,768,230	-	44,768,230	47,860,441	107
Finance costs				88,419	
Refunds					-
<b>Total expenditure</b>	<b>293,711,589</b>	<b>-</b>	<b>293,711,589</b>	<b>201,347,226</b>	<b>69</b>
<b>Surplus for the period</b>				<b>9,332,644</b>	





**Budget notes**

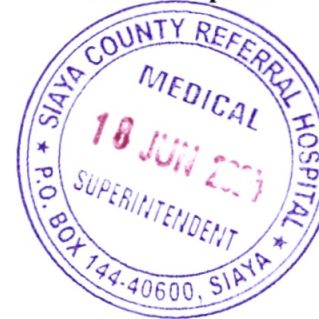
1. There were no changes between the original and final budget.

The notes set out on pages 25 to 36 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved on 14<sup>th</sup> July 2022 and signed on its behalf by:

.....  
**Chairman**  
**Board of Management**

  
ACCOUNTANT IN CHARGE  
SIAYA COUNTY REFERRAL HOSPITAL  
ENOCK ODHAMBO ONGOGE  
Head of Finance  
ICPAK No: 19707  
P. O. Box 144  
SIAYA

  
DR. MUTUA ODUK  
Medical Superintendent



\*The Board was not in place as at the time of preparation of this report

## XVII. Notes to the Financial Statements

### 1. General Information

Siaya County Referral Hospital functions under the Devolution Act of 2012 and operates within Section 10 of the Siaya Health Services Act of 2017, that makes it an operational entity that is able to provide preventive, promotive, curative, rehabilitative and palliative health care. The Act also allows it to be a revenue and expenditure entity.

### 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

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

### 3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
<p><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:</b> Social Benefits</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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance,</li> </ol>

	financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st 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>
Other improvements to IPSAS	<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>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on</p>

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

**ii. Early adoption of standards**

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

**4. Summary Of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other Government entities**

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

*Notes to the Financial Statements (Continued)*

**Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b) Budget information**

The original budget for FY 2021/22 was approved on 14<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made on a need basis to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

*Notes to the Financial Statements (Continued)*

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

**d) Investment property**

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

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

**e) Property, plant and equipment**

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

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



*Notes to the Financial Statements (Continued)*

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

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

**Loans and receivables**

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

*Notes to the Financial Statements (Continued)*

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Loans and borrowing**

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

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

**i) Inventories**

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

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

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

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

**j) Provisions**

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

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

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

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

**Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

*Notes to the Financial Statements (Continued)*

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Service concession arrangements**

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

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

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

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

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

**Estimates and assumptions**

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

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

**Useful lives and residual values**

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

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

**Provisions**

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

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



6. Transfers From The County Government

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Unconditional Grants</b>	-	
Operational Grant	-	-
Level 5 Grants	-	-
Other Grants	5,228,845	-
		-
<b>Conditional Grants</b>		
User Fee Forgone	-	-
Transforming Health Services For Universal Care Project (THUCP)	-	-
DANIDA	-	-
Wards Development Grant	-	-
Paediatric Block Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
<b>Total Government Grants And Subsidies</b>	<b>5,228,845</b>	<b>-</b>

Notes to the Financial Statements (Continued)

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 period	Comparative period prior year
			Kshs	Kshs	Kshs
Siaya County Government- Emergency fund transfer	3,309,176	-	-	3,309,176	
Siaya County Government- Pending bills	1,919,669	-	-	1,919,669	
<b>Total</b>	<b>5,228,845</b>			<b>5,228,845</b>	

7. In Kind Contributions from The County Government

Description	2021/2022	2020/2021
	KShs	KShs
Salaries and wages	23,633,019	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	20,059,762	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>43,692,781</b>	-

8. Grants from Donors and Development Partners

Description	2021/2022	2020/2021
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

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

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

9. Transfers From Other Government Entities

Description	2021/2022	2020/2021
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	2021/2022	2020/2021
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2021/2022	2020/2021
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

11. Rendering of Services-Medical Service Income

Description	Period ended 30th June 2022	Comparative Period prior year
	Kshs	Kshs
Pharmaceuticals	2,639,842	-
Non-Pharmaceuticals	579,040	-
Laboratory	7,682,963	-
Radiology	12,642,807	-
Orthopedic and Trauma Technology	624,748	-
Theatre	624,900	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	105,300	-
Eye	263,700	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	570,700	-
Reproductive health- Linda Mama	20,912,165	-
Paediatrics services	-	-
Inpatient services	34,920,655	-
Farewellhome services	6,545,144	-
<b>Other medical services income</b>		
<i>NHIF AND UHC</i>	49,838,381	-
<i>Medical Records</i>	2,217,651	-
<i>Attachment fee</i>	860,953	-
<i>Outpatient Services</i>	407,922	-
<i>Physiotherapy</i>	451,400	-
<i>Medical Legal Fees</i>	53,700	-
<i>Occupational Therapy</i>	169,560	-
<i>Renal Services</i>	92,200	-
<i>Clinics</i>	2,860	-
<i>Other medical services income</i>	886,365	-
<b>Total revenue from the rendering of services</b>	<b>143,092,956</b>	<b>-</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Other Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30th June 2022	Comparative Period
		prior year
	Kshs	Kshs
Dental costs/ materials	482,450	-
Laboratory chemicals and reagents	10,469,644	-
Public health activities	-	-
Food and Ration	37,460,890	-
Uniform, clothing, and linen	204,140	-
Dressing and Non-Pharmaceuticals	20,188,562	-
Pharmaceutical supplies	29,672,724	-
Health information stationery	48,050	-
Reproductive health materials	-	-
Surgical Consumables	646,000	-
Sanitary and cleansing Materials	5,371,854	-
Purchase of Medical gases	5,740,000	-
Rehabilitation materials	697,850	-
X-Ray/Radiology supplies	3,143,700	-
Other medical related clinical costs (Orthopaedic materials)	-	-
<b>Total medical/ clinical costs</b>	<b>114,125,864</b>	<b>-</b>

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	29,975,091	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>29,975,091</b>	<b>-</b>

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

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

18. Depreciation And Amortization Expense

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

19. Repairs And Maintenance

Description	Period ended 30th June 2022	Comparative Period
	Kshs	prior year
	Kshs	Kshs
Property- Buildings	3,674,143	-
Medical equipment	313,600	-
Office equipment	311,505	-
Plant and Machinery	2,526,186	-
Furniture and fittings	-	-
	115,927	-
Maintenance of Medical Equipment		
Computers and accessories	493,500	-
Motor vehicle expenses	1,862,550	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>9,297,411</b>	

**20. Grants And Subsidies**

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

**21. General Expenses**

Description	Period ended 30th June 2022	Comparative Period
	Kshs	prior year Kshs
Advertising and publicity expenses	-	-
Catering expenses	9,600	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	1,896,970	-
Electricity expenses	19,481,820	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	2,133,352	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	55,850	-
Printing and stationery	7,848,600	-
Computers, printers & other IT Equipments	1,035,650	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	5,053,500	-
Skills development levies	191,700	-
Telephone and mobile phone services	882,855	-
Fuel, oil & lubricants	3,800,120	-
Institutional appliances	500,135	-
Other fuel (Charcoal and firewood)	4,046,990	-
Internet expenses	-	-
Staff training and development	11,300	-
Subscriptions to professional bodies	911,999	-



Siaya County Referral Hospital level 4 (Siaya County Government)  
Annual Financial statement for the year ended 30<sup>th</sup> June 2022

Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
other operating expenses	-	-
<b>Total General Expenses</b>	<b>47,860,441</b>	

**22. Finance Costs**

Description	2021/22 KShs	2020/21 KShs
Bank Charges	88,419	
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>88,419</b>	

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

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

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

Description	2021/22 KShs	2020/21 KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2021/2022	2020/2021
	Kshs	Kshs
Current accounts	43,239,271	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	43,239,271	-

Notes to the Financial Statements (Continued)

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

Description		2021/ 2022	2020/2021
Financial institution	Account number	Kshs	Kshs
<b>a) Current account</b>			
Siaya District Hospital- KCB	1156677165	10,631,678	-
Siaya County Referral Hospital (Operation A/C)- KCB	1290278679	9,673,112	-
Siaya County Referral Hospital (Revenue A/C)- KCB	1290277958	22,934,482	-
			-
			-
<b>Sub- total</b>		<b>43,239,271</b>	-
<b>b) On - call deposits</b>			-
Kenya Commercial bank		-	-
			-
Equity Bank –etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			-
Bank Name		-	-
			-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
			-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>43,239,271</b>	-

28. Receivables from Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors/ imprest	513,238	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>513,238</b>	-

29. Receivables from Non-Exchange Transactions

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

30. Inventories

Description	Period ended 30th June 2022	Prior year audited
	Kshs	Kshs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	194,982	-
Non pharmaceuticals	2,386,882	-
Lab materials and supplies	1,713,109	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>4,294,973</b>	-

*Siaya County Referral Hospital level 4 (Siaya County Government)*  
*Annual Financial statement for the year ended 30<sup>th</sup> June 2022*

**31. Property, Plant and Equipment**

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

*Siaya County Referral Hospital level 4 (Siaya County Government)*  
*Annual Financial statement for the year ended 30<sup>th</sup> June 2022*

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

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade and Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	57,273,228	-
Employee dues	-	-
Third-party payments ( <i>unremitted payroll deductions</i> )	-	-
Audit fee	-	-
Doctors' fee	-	-
<b>Total trade and other payables</b>	<b>57,273,228</b>	-

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

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

36. Provisions

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

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-



Notes to the Financial Statements (Continued)

38. Deferred Income

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

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

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

39. Borrowings

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

Notes to the Financial Statements (Continued)

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

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

40. Service Concession Arrangements

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

41. Cash Generated from Operations

	Period ended 30th June 2022	Prior year audited
	Kshs	Kshs
<b>Surplus for the year before tax</b>	- 9,332,644	
<b>Adjusted for:</b>		
Depreciation	-	
Non-cash grants received	-	
Impairment	-	
Gains and losses on disposal of assets	-	
Contribution to provisions	-	
Contribution to impairment allowance	-	
<b>Working Capital adjustments</b>		
Increase in inventory	- 4,294,973	
Increase in receivables	- 513,238	
Increase in deferred income	-	
Increase in payables	57,273,228	
Increase in payments received in advance	-	
<b>Net cash flow from/used in operating activities</b>	<b>43,132,373</b>	

*Notes to the Financial Statements (Continued)*

**42. Financial Risk Management**

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

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

**(i) Credit risk**

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

**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

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.

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

**(iii) Market risk**

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

*Notes to the Financial Statements (Continued)*

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

**a) Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

Notes to the Financial Statements (Continued)

iv) **Capital Risk Management**

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

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

**43. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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



*Siaya County Referral Hospital level 4 (Siaya County Government)*  
*Annual Financial statement for the year ended 30<sup>th</sup> June 2022*

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

*Notes to the Financial Statements (Continued)*

**44. Segment Information**

**45. Contingent Liabilities**

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

**46. Capital Commitments**

<b>Capital Commitments</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**47. Events After the Reporting Period**

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

**48. Ultimate and Holding Entity**

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

**49. Currency**


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

**XVIII. Appendices**

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

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

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

 DR. MICHAEL ONDA

Accounting Officer



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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

*Siaya County Referral Hospital level 4 (Siaya County Government)*  
*Annual Financial statement for the year ended 30<sup>th</sup> June 2022*


**APPENDIX IV: Inter-Entity Confirmation Letter**

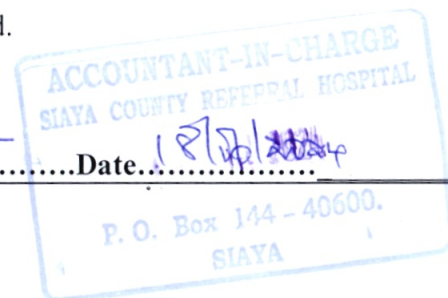
The wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

**Head of Accountants department of beneficiary entity:**

Name FRANK ODHAMBO ONG'ODIA Sign  Date 18/7/2022



**APPENDIX V Reporting of Climate Relevant Expenditures**

Name of the Organization: SIAYA COUNTY REFERRAL HOSPITAL

Telephone Number: 0717197349

Email Address: SIAYACOUNTYRH@GMAIL.COM

Name of Medical Supp/MD/Head: DR. MICHAEL ODUOR

Name and contact details of contact person: MR. ANDREW HONGO

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

**APPENDIX VI Disaster Expenditure Reporting Template**

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

<b>SIAYA COUNTY REFERRAL HOSPITAL</b>			
<b>REPORTS AND FINANCIAL STATEMENTS 30TH JUNE 2022</b>			
<b>TRIAL BALANCE</b>			
	Note	DR (Ksh)	CR (Ksh)
<b>BROUGHT FORWARD</b>			106,899
TRANSFER FROM COUNTY GOVERNMENT	6		5,228,845
IN KIND CONTRIBUTIONS	7		43,692,781
GRANTS FROM DONORS AND DEVELOPMENT PARTNERS	8		
TRANSFER FROM OTHER GOVERNMENT ENTITIES	9		
PUBLIC CONTRIBUTIONS AND DONATIONS	10		
RENDERING OF SERVICES-MEDICAL SERVICE INCOME	11		143,092,956
REVENUE FROM RENT OF FACILITIES	12		
FINANCE/INTEREST INCOME	13		
OTHER INCOME	14		
MEDICAL/CLINICAL COST	15	114,125,864	
EMPLOYEE COST	16	29,975,091	
BOARD OF MANAGEMENT EXPENSES	17		
DEPRECIATION AND ARMOTIZATION EXPENSES	18		
REPAIR AND MAINTENANCE	19	9,297,411	
GRANTS AND SUBSIDIES	20		
GENERAL EXPENSES	21	47,860,441	
FINANCE COST	22	88,419	
GAIN/LOSS ON DISPOSAL OF NON -CURRENT ASSETS	23		
UNREALIZED GAIN ON FAIR VALUE INVESTEMENT	24		
MEDICAL SERVICES CONTRACT GAIN/LOSSES	25		
IMPAIRMENT LOSS	26		
CASH AND CASH EQUIVALENT	27	43,239,271	
RECEIVABLE FROM EXCHANGE TRANSACTION	28	513,238	
RECEIVABLE FROM NON-EXCHANGE TRANSACTION	29		
INVENTORY	30	4,294,973	
PROPERTY PLANT AND EQUIPMENT	31		
INTANGBLE ASSET	32		
INVESTMENT PRPORTY	33		
TRADE AND OTHER PAYABLES	34		57,273,228
REFUNDABLE DEPOSIT FROM CUSTOMERS/PATIENTS	35		
PROVISIONS	36		
FINANCE LEASE OBLIGATION	37		
DEFERRED INCOME	38		
BORROWINGS	39		
SERVICE CONCESSION ARRANGEMENTS	40		
CASH GENERATED FROM OPERATIONS	41		
<b>TOTAL PAYMENTS</b>		<b>249,394,709</b>	<b>249,394,709</b>