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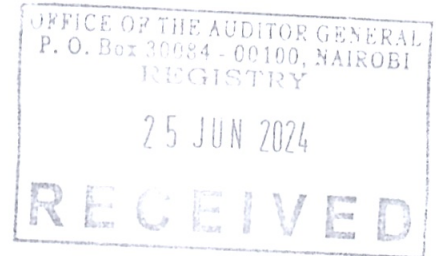
ON

**NYANG'ANDE SUB-COUNTY LEVEL 4
HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF KISUMU

Issued 30th June 2023

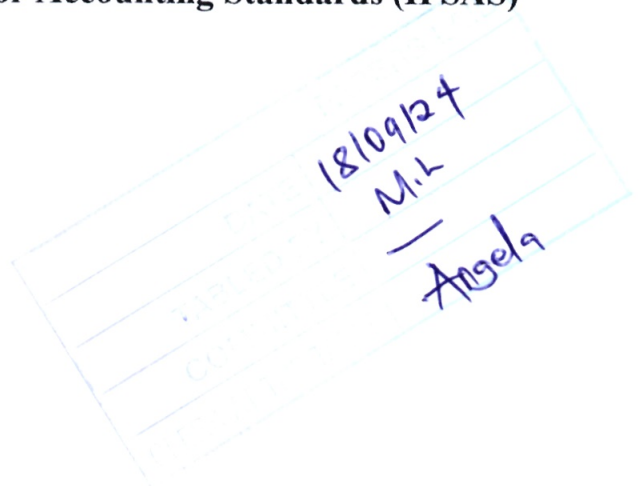


NYANG'ANDE SUB CONTY LEVEL 4 HOSPITAL
(Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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



***Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023***



Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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1. Acronyms & Glossary of Terms

IPSAS	-	International Public Sector Accounting Standards
HIV	-	Human Immunodeficiency Virus
KMTC	-	Kenya Medical Training College
AIC Secondary School	-	African Inland Church Secondary School
FKF	-	Federation of Kenyan Football
FIF	-	Facility Improvement Fund
NHIF	-	National Hospital Insurance Fund
PFM Act	-	Public Finance Management Act
HMIS	-	Hospital Information Management System

2. Key Entity Information and Management

a) Background information

BACKGROUND

Nyang'ande Sub County Hospital is a Ministry of Health primary care hospital located in Kabonyo/Kanyagwai, Nyando in Kisumu County. As of 2021, Nyang'ande sub county Hospital has been in existence for more than 10 years, having been established to cater for health needs of the workers at the then port town of Kisumu. Since then, it has grown to become the referral hospital serving various sub-counties within its locality.

b) Principal Activities

The Vision of Hospital is to Provide and promote quality health care services to all while its mission is to improve on quality health on human life through preventive and curative services. The main mandate of Nyang'ande Sub-County Hospital is to provide curative, preventive, and promotive health services. It offers clinical services in various disciplines such as Outpatient Curative Services, Permanent Care and Treatment Services HIV Testing Services, Focused Antenatal Care among other services.

The Following are the key Objectives of the Hospital:

- To provide High quality healthcare services,
- To serve as a Centre that can be utilized by local stakeholders for development or implementation of medical intervention of health policies.
- To build and strengthen partnership and sector coordination.
- To advocate and mobilize for adequate funding to the hospital.

c) Key Management

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

- County department of health
- Board of Management
- Medical superintendent
- Health management team




d) Fiduciary Management

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

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No.	Designation	Name
1.	Medical Superintendent	Berlyne Amonde
2.	Head Nursing Department	Richard Adede
3.	Head of Pharmacy	Julia Ayuga

***Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
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Name	Details of qualifications and experience
<p>Berlyne Amonde</p> 	<p>Mrs. Berlyne is the Medical Superintendent of the hospital and Board's Secretary. Has Diploma in Clinical Medicine. Has over 7 years' experience in the health sector. Advisor to the Chief officer of Health, Kisumu County on the performance of the hospital in regard to health care service delivery.</p>
<p>Richard Adede</p> 	<p>Mr. Richard Adede is the Nurse in-charge of the hospital heading the nursing department. Holds a Diploma in Nursing from KMTC with over 6 years' experience.</p>
<p>Julia Ayuga</p> 	<p>Mrs. Julia is the Head of Pharmacy in-charge of Medical products in the hospital. He holds Diploma in Pharma Technology with over 5 years' experience in medical products management.</p>

e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i The County Assembly

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

ii The Controller of budget

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

iii County executive committee

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

iv. Internal Auditor Department

The internal Audit Department of the County Government of Kisumu ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee.

*Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
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f. Entity Headquarters

Prosperity House
P.O. Box 2738-40100
Kisumu, Kenya

g. Entity Contacts

Telephone: (+254) 71261 1254
E-mail: kisumucdh@gmail.com
Website: www.go.ke

h. Entity Bankers

National Bank of Kenya
Kisumu Branch
P.O BOX 72866-00200
Nairobi.

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. 2738-40100
Kisumu Kenya

*Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
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3. The Board of Management

Ref	Name	Position
1	<p>Mr. George Alego</p> 	<p>Chairperson George is the Chairperson of Hospital Management Board. Has a degree in Bachelor of Education, He is the deputy Principal of Reru AIC Secondary School. He is 49 years old. He has served as Secondary teacher in different schools and has been Involved in Management functions.</p>
2	<p>Mr Joe Kung'a Nyamiwa</p> 	<p>Board Member Mr Joe is a member of Hospital Management Board representing. He is a trained Teacher He is over 60 years old. A retired teacher with vast experience in management.</p>
3	<p>Berlyne Amonde</p> 	<p>Secretary Mrs. Berlyne is the Medical Superintendent of the hospital and Board's Secretary. Has Diploma in Clinical Medicine. Has over 7 years' experience in the health sector. Advisor to the Chief officer of Health, Kisumu County on the performance of the hospital in regard to health care service delivery.</p>

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4	<p>Emmanuel Ajei</p> 	<p>Board Member Emmanuel is a member of Hospital Management Board representing the Youth. He Trained on School and Financial Management at Kisumu Polytechnic. He is 24 years old. Joined Football Federation (FKF) Kisumu branch from 2019 to date and he is a business man majoring on rice farming</p>
5	<p>Justine Obura</p> 	<p>Board Member Justine is a member of Hospital Management Board representing the Women. She is 42 years old and a business woman with lots of experience on business management.</p>
6	<p>Mr. Francis Ogello</p> 	<p>Board Member Francis is a member of Hospital Management Board. He has certificate in Electrical Installation from Kisumu Institute College. He is 69 years old. He has served as teacher in Kericho, worked with the Department for International Development and as Technical Assistant to the Ministry of Education Directorate of policy Planning.</p>

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4. Management Team

Ref	Name	Position
1	Medical Superintendent	Berlyne Amonde
2	Head of Pharmacy Department	Julia Ayuga
3	Head of Nursing Department	Richard Adede
4	Head of Records Department	Dennis Ochieng
5	Head of Clinical Services	Sharon Nyaoro
6	Head of Laboratory Department	Hillary Awilli

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5. CHAIRMAN'S STATEMENT

Nyang'ande Sub – County Hospital's main mandate is to provide curative, preventive and promotive health services. It offers clinical services in various disciplines. Nyang'ande level four hospital is always set and ready for the dynamic healthcare and environmental changes.

Future plans of the hospital is to establish 40 bed capacity, with introduction of inpatient services such as surgical, radiological and Gaenocological Services. It is in this regard that I have the pleasure to present the Nyan'gande Level 4 Sub-County Hospital's financial statements for 2022/2023 ending 30th June 2023. The financial statements present the financial performance of the fund in relation to ensuring affordable and quality healthcare.

OPERATING ENVIRONMENT

Nyang'ande started the year's operations on a positive outlook, but the operating environment quickly changed after Mass actions began leading to slowdown in service delivery. This was automatically leading to adverse effect on the general performance and some of the planned activities had to be reprogrammed as we reorganize our financing.

STRATEGIC DIRECTION

The overwhelming need and challenges provide opportunities for strategic thinking about the future of the hospital's brand. It shaped the change process that the Board of Management approved to improve service delivery to the locals and the surrounding sub-counties.

To consolidate its mandate as a level 4 hospital and realize its vision and mission, Nyang'ande Hospital will implement a set of priority activities organized around the following eight key strategic choices in the period set in this strategic plan:

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement

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4. Human resource development
5. Infrastructure development
6. Leadership and governance
7. Health information

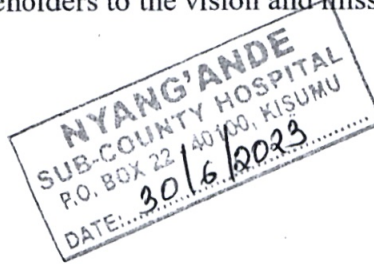
ACHIEVEMENTS

The hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2021/2022, infrastructural development and renovations of various wards.

I greatly appreciate the commitment and inclusive support of the Shareholders, Board, Management, Staff and Stakeholders to the vision and mission of the Nyang'ande Level 4 Sub-County Hospital.



Mr. George Alego
Chairperson
Board of Management
30 June 2023



6. REPORT OF CHIEF EXECUTIVE OFFICERS

i. BACKGROUND

Nyang'ande Sub County Hospital is a Ministry of Health primary care hospital located in Kabonyo/Kanyagwai, Nyando in Kisumu County. As of 2021, Nyang'ande sub county Hospital has been in existence for more than 10 years, having been established to cater for health needs of the workers at the then port town of Kisumu. Since then, it has grown to become the referral hospital serving various sub-counties within its locality.

The main mandate of Nyang'ande Sub-County Hospital is to provide curative, preventive, and promotive health services. It offers clinical services in various disciplines such as Outpatient Curative Services, Permanent Care and Treatment Services HIV Testing Services, Focused Antenatal Care among other services

ii. FINANCE

i) Revenue

The hospital's revenue is derived from Facility improvement funds (FIF), County grants, and donors. During this financial year the hospital has realized great improvement of revenue compared to the last financial 2021/2022.

ii) Expenditure

The total expenditures during the period amounted to Kshs. 8,560,380 representing 78% total approved budget. Top drivers of the budget were pharmaceuticals, Casual Wages, Board allowances, patient's food, Laboratory, among others.

iii) Deficit

The hospital has a huge deficit running to millions currently under very high financial constraints.

iii. ACHIEVEMENTS

The hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2021/2022, Continuous facelift of the hospital

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iv. CHALLENGES

Nyangande Level 4 Sub-County Hospital is faced with a lot of challenges ranging from financial constraints, inadequate human resource, environmental challenges, infrastructural i.e. dilapidated buildings, and technological growth that the hospital have to adopt in order to succeed in the healthcare service delivery.

v. LOOKING FORWARD

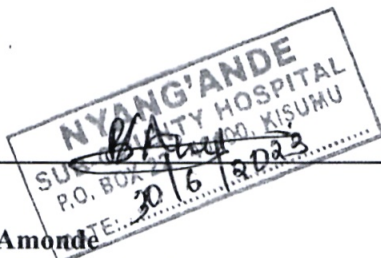
Modern technology transformation is one of the pillars of the strategic plan. The hospital has embarked on this journey to increase operational efficiencies, enhance customer experience through consistent and patient-focused service delivery and informed decision-making aided by business intelligence. Crucial to this will be the implementation of the key operational systems, the Hospital Information Management System (HMIS)

vi. APPRECIATION

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, county government of Kisumu, development partners, stakeholders, management and staff for their continued support, which made us, achieves these results.

I look forward to your continued support in the year 2023/2024.

Signed: _____



Berlyne Amonde
Medical Superintendent

Nyangande Level 4 Sub-County Hospital (Kisumu County Government)
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7. Statement Of Performance Against Predetermined Objectives

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

Nyangande Level 4 Sub-County Hospital has four strategic pillars/ themes/issues and objectives within Kisumu County's current Strategic Plan for the FY 2022 - FY 2023.

These strategic pillars/ themes/ issues are as follows;

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Health information

The Hospital develops its annual work plans based on the above *four* pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

8. Corporate Governance Statement

Nyangande Level 4 Sub-County Hospital Board of Management is responsible for the corporate governance of the Hospital Board and is accountable to Ministry of Health, County department of health Kisumu County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics.

i. Board of Management

The Board of Management is composed of non-executive members elected by the governor of Kisumu County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget.

ii. Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital.

iii. Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances the allowance is paid as per the government of Kenya allowance circulars.

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9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of Nyang'ande Level 4 Hospital Sub-County Hospital will be vested in the Hospital Management Board. The day-to-day management of the hospital is vested on the Medical Superintendent.

The Medical Superintendent will be assisted in performing the functions of his or her position by the Nurse In-charge of the Facility and Clinical Officer.

The overall annual performance is as illustrated below:

CLINICAL/OPERATIONAL PERFORMANCE

- There was a great improvement on deliveries from 5 per month to 20 per month
- ANC visits improved to 40 patients per month
- The hospital realised improvement on Malaria Patients care
- All HIV patients attending Patient Care in the hospital are all on medication
- Renovation of MCH
- Face lifting of the OPD

FINANCIAL PERFORMANCE THAT INCLUDES REVENUE SOURCES

Nyang'ande Level 4 Sub-County Hospital revenue Sources Includes:

- County Funds
- User Fees Comprising of
 - Cash collection
 - NHIF Collections including Linda Mama
 - DANIDA Funds

The hospital realized a great improvement on its financial sources through the county support and Facility Improvement Fund. DANIDA Fund is disbursed through the County Government of Kisumu.

10. Environmental And Sustainability Reporting

Nyangande Level 4 Sub-County Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Nyangande Level 4 Sub-County Hospital and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that Nyangande Level 4 Sub-County Hospital going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability.

ii) Environmental performance

Nyangande Level 4 Sub-County Hospital is dependent on the Kisumu County, Department of Public Health towards ensuring compliance to environmental Management.

Challenges

- Inadequate funding towards fumigation.
- High cost of fuel, electricity.
- Shortage of staffs.
- Delay of funds disbursement.
- Inadequate staff development on Public Health Matters.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

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Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices

a) Responsible completion practices

This is effectively done through use of Kisumu County Department of Health instituted internal committees to help minimize corruption and malpractices.

b) Responsible supply chain and supplier relations

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

c) Corporate social responsibility

Support to adolescent leaving with HIV/Aids being trained on photography supported by partner program to ensure self-reliance. Organization of free medical camps through County Department of Health.

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11. Report of the Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the entity are to provide quality and affordable preventive, promotive and curative health services to the locals and surrounding sub-counties.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 9

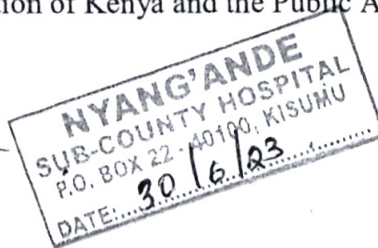
Board of Management

The members of the Board who served during the year are shown on page xii.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



Berlyne Amonde

Secretary of the Board

12. 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 Nyangande Level 4 Sub-County Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the Nyangande Level 4 Sub-County Hospital 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 Nyangande Level 4 Sub-County Hospital's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. 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 Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

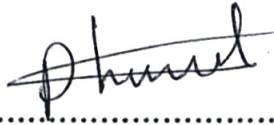
The Board of Management accepts responsibility for the Nyangande Level 4 Sub-County Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Nyang'ande Level 4 Sub-County Hospital's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023 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 Hospital, 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.

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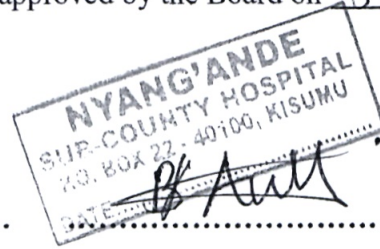
Nothing has come to the attention of the Board of management to indicate that the Nyang'ande Level 4 Sub-County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/6/2023
and signed on its behalf by:



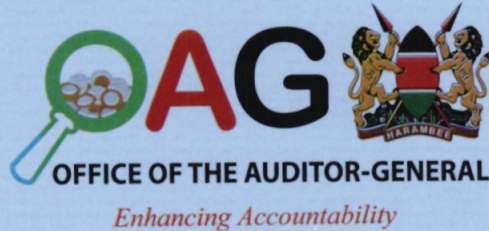
**Name: George Alego
Chairperson
Board of Management**



**Name: Berlyne Amonde
Accounting Officer**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR GENERAL ON NYANG'ANDE SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF KISUMU

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 Nyang'ande Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 34, which comprise of

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

In my opinion, except for 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 Nyang'ande Sub-County Level 4 Hospital - County Government of Kisumu as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements provided for audit revealed the following unsatisfactory matters;

1.1. Error in the Statement of Financial Position

The statement of financial position reflects an accumulated surplus of Kshs.5,530,126 which excludes the brought forward surplus balance of Kshs.236,705 resulting to an unbalanced position.

1.2. Errors in the Statement of Cash Flows

The statement of financial position reflects changes in receivables and inventories balances. However, the statement of cash flows does not reflect any changes in working capital. Further, the statement of cash flows reflects medical and clinical costs payment of Kshs.779,387. As disclosed in Note 9b, the amount is derived from netting off KEMSA drawing rights of Kshs.6,755,194 from a total medical cost amount of Kshs.7,534,581. However, the total medical cost of Kshs.7,534,581 is not supported and varies with the medical cost of Kshs.2,159,213 reflected in the statement of financial performance.

1.3. Error in the Statement of Changes in Net Assets

The statement of changes in net assets reflects an accumulated surplus of Kshs.5,530,126 as at 30 June, 2023. However, this amount excludes the surplus as at 1 July, 2022 of Kshs.236,705 which has not been reflected in the statement.

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

2. Understated In-Kind Contributions from the County Government

The statement of financial performance reflects in-kind contributions from the County Government of Kisumu amounting to Kshs.6,755,194 and as disclosed in Note 7 to the financial statements. However, review of records revealed that the Hospital received In-kind contributions amounting to Kshs.3,978,188 in drugs and Kshs.1,078,907.50 in laboratory pharmaceuticals totalling to Kshs.5,057,095.50 from Kenya Medical Supplies Authority and Mission for Essential Drugs and Supplies (MEDS) through the County Government of Kisumu resulting to an unexplained variance of Kshs.1,698,098.50. In addition, the Hospital received services from twenty (20) staff employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of the amount of Kshs.6,755,194 in respect of in-kind contribution could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

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

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

4. Unconfirmed Inventory Balance

The statement of financial position reflects a Nil inventory balance as disclosed in Note 20 to the financial statements. However, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2023. Further, examination of stock control cards revealed closing balances as at 30 June, 2023 for pharmaceuticals and non-pharmaceuticals, laboratory and vaccines stocks amounting to Kshs.4,294,398.63, Kshs.187,999.37 respectively and unvalued vaccines, which were not reported in the financial statements.

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

5. Unconfirmed Intangible Asset Balance

The statement of financial position reflects Nil intangible assets balance. However, review of the Hospital records and physical verification revealed that the Hospital had two (2) softwares, one system for revenue collections and the second system for medicine tracking and dispensing 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 International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyang'ande Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

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 ninety-three (93) staff requirements or 92.08% of the authorized establishments as tabulated below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Kenya Registered Community Health Nurses	75	8	67	89.33
Total	101	8	93	92.08

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Inpatient Beds	150	11	139	92.67
ICU Beds	6	0	6	100
Functional High Dependence Unit (HDU) Beds	6	0	6	100
Functional Theatre	1	0	1	100
New Born Unit with Incubators	5	0	5	100
New Born Unit HDU Cots	5	0	5	100
Renal Unit with Dialysis Machines	5	0	5	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. Poor General Hospital Condition

Physical inspection of the Hospital facility showed structures with leakages and holes in the ceilings where bats have invaded and stay emitting foul smell, labour ward walls have visible huge cracks, rusted beds and old and torn mattresses. There's poor lighting at Mother & Child Help Clinic and peeling off of paint.

Further, the Hospital compound was water logged due to lack of drainage system and the Hospital does not have a functional incinerator hence the medical waste is taken to Kisumu County Referral Hospital for disposal a distance of 20 kilometres. In addition, the diagnostic ultra sound machine was not in use due to lack of radiographer staff.

In the circumstances, the Hospital may not be able to discharge its mandate.

2. Incomplete Assets Register

Review of the Hospital's assets register inform of handover notes presented for audit revealed that the Hospital owns one (1) ambulance (Land Cruiser), pharmaceutical equipment, office equipment and buildings within the compound which were omitted. Further, the register did not include cost of the assets recorded therein, the date of acquisition and unique identification codes/mark were not reflected. These contravenes Section 136(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015, which provides that, the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession and that 'the register of land and buildings shall record each parcel of land and each building and the terms on which it is held.

In the circumstances, existence of effective internal controls to ensure safeguard of assets could not be confirmed.

Responsibilities of Management and the Hospital Management Board

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using a 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 Hospital Management Board 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to 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 the 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

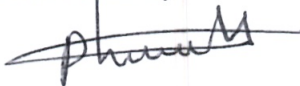
15 July, 2024

*Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6a	967,641	2,909,724
In-kind contributions from the County Government	7	6,755,194	1,116,325
		7,722,835	4,026,049
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8a	992,303	277,485
Revenue from exchange transactions		992,303	277,485
Total revenue		8,715,138	4,303,534
Expenses			
Medical/Clinical costs	9a	2,159,213	2,866,645
Employee costs	10	634,500	647,000
Board of Management Expenses	11	74,000	12,000
Repairs and maintenance	12	173,769	394,524
General expenses	13	143,530	146,660
Total expenses		3,185,012	4,066,829
Net Surplus / (Deficit) for the year		5,530,126	236,705

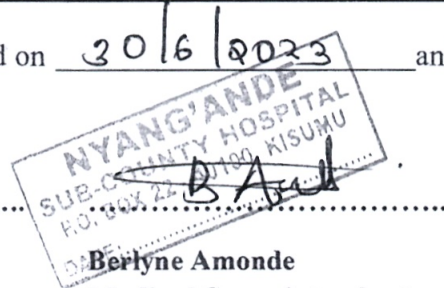
The Hospital's financial statements were approved by the Board on 30/6/2023 and signed on its behalf by:



George Alego
Chairman
Board of Management



Leticia Awuor
Head of Finance
ICPAK No: 20301



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Berlyne Amonde
Medical Superintendent

Nyang'andē Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


15. Statement of Financial Position as of 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	127,250	31,492
Receivables from exchange transactions	15	59,000	17,500
Inventories	16	5,343,876	187,713
Total Current Assets		5,530,126	236,705
Accumulated surplus/Deficit	III	5,530,126	236,705
		5,530,126	236,705
Total Net Assets and Liabilities		5,530,126	236,705

(The notes set out on pages 22 to 25 form an integral part of the Annual Financial Statements.)

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

.....
George Alego
Chairman
Board of Management



Leticia Awuor
Head of Finance
ICPAK No: 20301

.....
Berlyne Amonde
Medical Superintendent

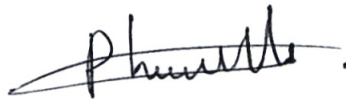
Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2022	-	-	-	-
As at June 30, 2023	-	-	-	-
At July 1, 2022	-		-	-
Revaluation gain			-	-
Surplus/(deficit) for the year	-	5,530,126	-	5,530,126
Capital/Development grants	-	-	-	-
At June 30, 2023	-	5,530,126	-	5,530,126

(The notes set out on pages 22 to 25 form an integral part of the Annual Financial Statements.)

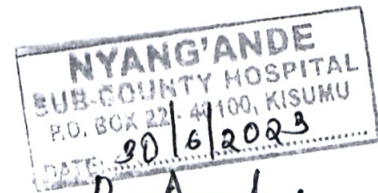
The Hospital's financial statements were approved by the Board on 30/6/2023 and signed on its behalf by:



.....
George Alego
Chairman
Board of Management



.....
Leticia Awuor
Head of Finance
ICPAK No: 20301



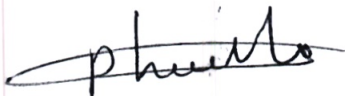

.....
Berlyne Amonde
Medical Superintendent

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6a	967,641	2,909,724
Rendering of services- Medical Service Income	8b	933,303	259,985
Total Receipts		1,900,944	3,169,709
Payments			
Medical/Clinical costs	9b	779,387	1,938,033
Employee costs	10	634,500	647,000
Board of Management Expenses	11	74,000	12,000
Repairs and maintenance	12	173,769	394,524
General expenses	13	143,530	146,660
Total Payments		1,805,186	3,138,217
Net cash flows from operating activities		95,758	31,492
Net cash flows used in investing activities			
Net increase/(decrease) in cash and cash equivalents		95,758	31,492
Cash and cash equivalents as at 1 July 2021		31,492	-
Cash and cash equivalents as at 30 June 2023	14	127,250	31,492

The notes set out on pages 22 to 25 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30/6/23 and signed on its behalf by:




.....

George Alego
Chairman
Board of Management



.....

Leticia Awuor
Head of Finance
ICPAK No: 20301



.....

Berlyne Amonde
Medical Superintendent

*Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

18. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	2,850,000	-	2,850,000	967,641	1,882,359	34%
Public contributions and donations	6,755,194	-	6,755,194	6,755,194	-	100%
Rendering of services- Medical Service Income	1,365,000	-	1,365,000	992,303	372,697	73%
Total income	10,970,194	-	10,970,194	8,715,138	2,255,056	79%
Expenses						
Medical/Clinical costs	9,775,194		9,775,194	7,534,581	2,240,613	77%
Employee costs	700,000	-	700,000	634,500	65,500	91%
Board of Management Expenses	80,000	-	80,000	74,000	6,000	93%
Repairs and maintenance	255,000	-	255,000	173,769	81,231	68%
General expenses	160,000	-	160,000	143,530	16,470	90%
Total expenditure	10,970,194	-	10,970,194	8,560,380	2,409,814	78%
Surplus for the period	-	-	-	154,758	- 154,758	
TOTAL EXPENSE	10,970,194	-	10,970,194	8,560,380	2,409,814	78%

*Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

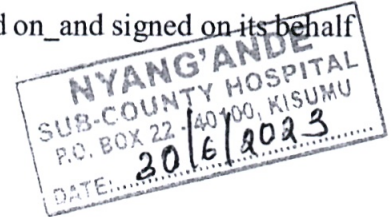
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- Generally, the hospital realized low cash flows due to delay and low reimbursement from Kisumu County and other Government entities such as NHIF
- The hospital failed to meet their facility improvement target due to inadequate supplies and low patient turn out.
- Capital Expenditure realized a 0% performance as this was to be done by the County Government of Kisumu hence not realized due to inadequate funding.

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

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

by:



.....

George Alego
Chairman
Board of Management

.....

Leticia Awuor
Head of Finance
ICPAK No: 20301

.....

Berlyne Amonde
Medical Superintendent

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

19. Notes To the Financial Statements

1. General Information

Nyangande Level 4 Sub-County Hospital entity is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the Kisumu County Kenya and is domiciled in Kisumu Kenya. The entity's principal activity is to provide quality and affordable preventive, promotive, rehabilitative and curative health services in both east and central Africa.

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 judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xvii. 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 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
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	performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2022</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2024</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</p>

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
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	financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2024</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions Transfers from other Government entities

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

Revenue from exchange transactions Rendering of services

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

Sale of goods

Nyang'ande Level 4 Sub-County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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 is right to receive payments is established.

Rental income

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

b) Budget information

The original budget for Board approved FY 2022/2023 on **01/07/2022** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2022/2023 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual

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

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

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e) Property, plant and equipment

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

f) Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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.

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g) Intangible assets

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

h) Research and development costs

The 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.

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:

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- 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.

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.

ii) 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

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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.

iii) Provisions

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

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

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

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

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recognized in the financial statements of the period in which the change occurs.

iv) Nature and purpose of reserves

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

v) 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.

vi) 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.

vii) 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.

viii) 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

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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.

ix) 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 of nursing, Director of clinical services, director finance and administration, CEO and senior managers.

x) 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.

xi) 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 authorized public officers and/or institutions, which were not surrendered or accounted for at the end of the financial year.

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xii) Comparative figures

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

xiii) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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- Changes in the market in relation to the asset.

Provisions

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

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6. (a) Transfers From The County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Unconditional grants		
Transfers from County Government	967,641	2,909,724
Total government grants and subsidies	967,641	2,909,724

6b. Transfers from The National Government

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
	KShs	KShs		
			KShs	KShs
Kisumu County Government	967,641	-	-	967,641
Total	967,641			967,641

7. In Kind Contributions from The National Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	6,755,194	1,116,325
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills	-	-
Total grants in kind	6,755,194	1,116,325

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8. (a) Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pharmaceuticals	40,637	121,395
Laboratory	33,281	98,390
Outpatient	2,750	5,500
Transfers from NHIF and MARWA	915,635	52,200
Total revenue from the rendering of services	992,303	277,485

8. (b) Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Total revenue from the rendering of services	992,303	277,485
Receivables	59,000	17,500
Total Revenue from rent of facilities	933,303	259,985

9. (a) Medical/ Clinical Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Laboratory chemicals and reagents	111,750	160,000
Food and Ration	145,000	182,000
Dressing and Non-Pharmaceuticals	62,990	170,000
Pharmaceutical supplies	1,687,482	2,049,345
Health information stationery	42,635	30,000
Sanitary and cleansing Materials	29,200	65,000
Other medical related clinical costs (<i>Refined Fuel</i>)	80,156	210,300
Total medical/ clinical costs	2,159,213	2,866,645

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9. (b) Medical/ Clinical Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Total medical/ clinical costs	7,534,581	2,866,645
Medical supplies-Drawings Rights (KEMSA)	-	-
Inventory Adjustment	6,755,194	1,116,325
Employee costs	779,387	187,713
		1,938,033

10. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	634,500	647,000
Employee costs	634,500	647,000

11. Board of Management Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Sitting allowance	74,000	12,000
Total	74,000	12,000

12. Repairs And Maintenance

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Medical and Plant equipment		-
Motor vehicle expenses	106,424	130,000
Maintenance of civil works	67,345	264,524
Total repairs and maintenance	173,769	394,524

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13. . General Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bank charges	32,530	12,660
Electricity expenses	76,000	75,000
Accommodation Domestic Travel	20,000	-
Telephone and mobile phone services	15,000	59,000
Total General Expenses	143,530	146,660

14. (a) Cash And Cash Equivalents

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	127,250	31,492
Total cash and cash equivalents	127,250	31,492

14. (b) Detailed Analysis of Cash and Cash Equivalents

Description		FY 2022/2023	FY 2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
National Bank	01020027129800	127,250	31,493
Grand total		127,250	31,493

15. Receivables From Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Medical services receivables	59,000	17,500
Total receivables	59,000	17,500

16. Inventories

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Pharmaceutical supplies	3,786,299	131,378
Non Pharmaceuticals	74,680	-
Laboratory Supplies	1,482,897	56,336
Total	5,343,876	187,714

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17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions/Revaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th Jun 2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0

18. 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 minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	59,000	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	127,250	-	-	-
Total	186,250	-	-	-

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

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

(ii) Liquidity risk management

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

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

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	Less than 1	Between	Over 5	
	month	1-3 months	months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	0.00	0.00	0.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	0.00	0.00	0.00
At 30 June 2023				
Trade payables	-	0.00	0.00	0.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	0.00	0.00	0.00

(iii) Market risk

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

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

a) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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

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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 endeavored to bank with institutions that offer favorable 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one.

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	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	(0.00)	(0.00)
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0.00%	0.00%

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19. 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:

Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Xxx;
- iv) Xxx;
- v) Xxx;
- vi) Key management;
- vii) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	0.00
Sales of services to xxx	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		

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Payments of salaries and wages for xxx Employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00
d) Key management compensation		
Directors' emoluments	74,000.00	0.00
Compensation to the medical Sup		0.00
Compensation to key management	0.00	0.00
Total	74,000.00	0.00

20. Segment Information

21. Events After The Reporting Period

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

22. 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.

23. Currency

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

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20. APPENDICES

I. 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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>

Guidance Notes:

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

.....
Accounting Officer: Berlyne Amonde

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APPENDIX II: Projects Implemented by the Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

APPENDIX III: Status of Projects completion

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

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APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

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Total							

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

Head of Accountants department of beneficiary entity:

Name Sign Date

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APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization _____ N/A _____

Telephone Number _____ N/A _____

Email Address _____ N/A _____

Name of Medical Supp/MD/Head _____ N/A _____

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

.....

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

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APPENDIX VI Disaster Expenditure Reporting Template

Date:						
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

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NYANGANDE LEVEL 4 SUB- COUNTY HOSPITAL

TRIAL BALANCE AS AT 30TH JUNE 2023			
		DR	CR
		KSHs.	KSHs.
Cash and Cash equivalents			
	Cash and Bank Balances-Dr.	127,250	
Payments			
	Expenses-Dr		
	Medical/Clinical Costs	2,159,213	
	Employee costs	634,500	
	Board of Management Expenses	74,000	
	Repairs and maintenance	173,769	
	General expenses	143,530	
Receipts			
	Revenue from non-exchange transactions-Cr.		
	Transfers from County Government		967,641
	In-kind Contributions from the County Government		6,755,194
	Revenue from exchange transactions-Cr.		
	Rendering of Services-Medical Service income		992,303
Assets			
	Receivables from Exchange transations-Dr.	59,000	
	Receivables from Non-exchange transations-Dr		
	Inventories-Dr.	5,343,876	
	Property, Plant and Equipment-Dr.	-	
Liabilities			
	Trade and other payables from exchange transactions-Cr		-
	Refundable Deposits fom Patients/Customers-Cr.		
	Payments received in advance-Cr		
Capital & Reserves			
	Reserves-Cr		
	Accumulated surplus-Cr.		-
	Capital Fund-Cr.		-
TOTAL		8,715,138	8,715,138

