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REPORT

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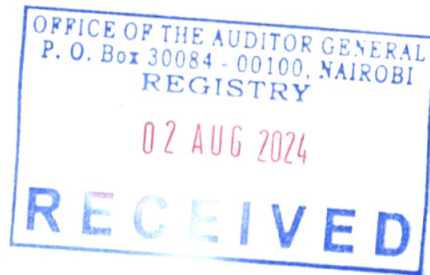
CHULAIMBO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KISUMU

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CHULAIMBO Level 4 HOSPITAL (County Government of Kisumu)

AMENDED 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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
HMB	Health Management Board
HMIS	Hospital Information Management System
FIF	Facility Improvement Fund

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

2. Key Entity Information and Management

(a) Background information

Chulaimbo Hospital is a level (4) hospital established under gazette notice number 17 of 2017 and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to ...

Mission:

To transform the livelihood of people Kisumu County through responsive and sustainable technologically-driven evidence –based and client centred health system for accelerated attainment of highest standards of health

Vision:

A dynamic, excellent, and globally competitive county health services , that contribute to a healthy and productive population

(c) Key Management

Management

Ref.	Directors	Role
1.	David Okeyo	Chairman of the Board
2.	Mrs .Elizabeth Kibwana	Financial
3.	Mr .Max Modi	HCSO
4.		Faith Based
5.	Dr .Rukia Aksam	Secretary(Medical Superintendent)

(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:

No.	Designation	Name
1.	Medical Superintendent	Dr. Rukia Aksam
2.	Head of finance	Joyce Odhiambo
3.	Head of supply chain	Julius Sako
4.	Lab Manager	John Oyugi
5.	Pharmacist	Dr. Sammerion Nyawara

(e) **Fiduciary Oversight Arrangements**

-Audit committee; this consist of internal auditors attached to the department of health who reviews the financial documents and give the reports thereon.

Key Entity Information and Management (continued)

(f) **Chulaimbo Headquarters**

P.O. Box 5-40105, Maseno.
Kisumu- Busia Highway
Kisumu, KENYA

(g) **Contacts**

Telephone: (+254) 0101596022
E-mail: chulaimboincharge@gmail.com
Website:

(h) **Entity Bankers**

Kenya Commercial Banks

(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**

County Government of Kisumu.
P.O. Box. 40100
Kisumu, Kenya

3. The Board of Management

Ref	Directors	Details
1.	<p>Mr. David Okeyo</p> 	<p>Board chair</p> <p>ACADEMIC QUALIFICATION</p> <p>Kenya Certificate of Secondary Education (O level)</p> <p>PROFESSIONAL QUALIFICATION</p> <ul style="list-style-type: none"> Higher National Diploma in Management and Administration Diploma in Public Relations IAAF Diploma in Sports Administration IAAF Diploma in Coaching
2.	<p>Elizabeth Kibwana</p> 	<p><u>EDUCATION BACKGROUND</u></p> <p>1985-1958 Medical Training Center Kisumu qualified as Enrolled Nurse III</p> <p>1977-1985</p> <p>Rae Kanyaika Primary School Kisumu Municipality as untrained/volunteering teacher</p> <p>1972-1975</p> <p>Rae Secondary School and sat for East Africa Certificate of education and obtained Division III</p> <p>1965-1971</p> <p>Dudi Primary School</p>
3.		
4.		
5.		
6.	<p>Dr Rukia Aksam</p>	<p><u>ACADEMIC QUALIFICATIONS</u></p> <p>2004 -2011: Bachelor of Medicine and</p>



Surgery, Istanbul University (cerrahpasa medical (MbCHB)

1999 - 2002: Kenya Certificate of Secondary Education, Ng'iya Girls' Secondary School

1991 - 1998: Kenya Certificate of Primary School Education, Pangani Primary School

4. Management Team

Ref	Management	Details
1.	Medical Superitendent	Dr.Rukia Aksam
2.	Head of Finance	Joyce Odhiambo
3.	Head of Supply Chain	Julius Sako
4.	Lab Manager	John Oyugi
5.	Pharmacist	Dr.Sammerion

5. Chairman's Statement

Chulaimbo County Hospital and rural health training centre was built in the early 1970s to serve the community and workers working in the then municipality and railway construction sites.

The land that it sits on was donated by the community since at that time it was under utilized and swampy and therefore the settlers were given to improve it

The hospital serves catchment population of approximately 25,969 people and it's attached to 2 community units with the initiation of primary health care which are, Marera community unit and East Karateng community unit.

For the financial year 2023/2024 that is being audited I was nominated to be the chairperson by the members after the passing on of the sitting board hair(may his soul rest in peace). Although our term service ad ended, the clause that governed our service to avoid a vacuum," the chairpersons and members of the hospital boards, health facilities and dispensary management committees established under any other law shall continue to serve until such a date that new hospital boards, health facilities and dispensary management committees are gazetted.

Continuous Quality Improvement

With the support of the hospital board, through the medical superintendent, the hospital had various

partners who helped improved quality of services offered within the facility.

Being members of the community who are ears of the community to the facility and vice versa we had to be very keen in ensuring that we support the staffs and various partners in offering quality services to the community.

So far even from the community is that they receive good quality services from this facility and the staffs are knowledgeable and guide them accordingly with their concerns.

Another thing as the board that was new to us that we had to monitor keenly was the introduction of the facility improvement fund Act. With this it meant that the patients were gong to dig deeper in to their pockets to fund their health care needs without compromising quality.

We have experienced mixed reactions with this Act since some people are not able to afford due to

Levels of poverty, lack of insurance and also lack of understanding on why the facility is billing on

Services that they didn't bill before.

On the other hand, this has helped improve revenue collection for the facility and therefore able to Prioritize purchase of drugs and laboratory commodities so that people receive all the services that they need and from this, the community does say, “nowadays we don’t miss drugs and laboratory tests”

Revenue

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

The hospital’s revenue is derived from Facility improvement funds (FIF) and monies appropriated from the county Treasury.

The total expenditures during the period amounted to 9,893,225 representing 100% total approved

budget. Top drivers of the budget were medical drugs from the pharmacy department, non-pharmaceuticals, purchase of Laboratory reagents, Electricity Staff remunerations for the casuals, patient’s food, Contracted Services among others. High Utilization rate realized.

The facility ensures that 40% of the FIF collections is allocated to the four main vote heads that is pharmacy getting the largest share to be in line with the department main objective that is improve availability of pharmaceutical commodities to from 30% to 60 % compared to the previous financial year.

Revenue from the pharmacy and laboratory departments increased by 65% in the financial year 2022 -2023 over attributed largely to increased efficiencies and availability of commodities across the four quarters and greater public awareness on their availability and very responsible and reliable in charges heading the departments.

Challenges

Chulaimbo based on the population that its serves are faced with a lot of challenges ranging from Global issues, financial constraints, inadequate human resource, environmental challenges, infrastructural i.e.dilapidated buildings, and technological growth that the hospital has to adopt in order to succeed in the healthcare service delivery.

The other challenge faced, it being the biggest facility for Kisumu West region, the county needs to prioritize it to expand services.

Looking forward

Improving hospital revenue collection systems with no loop holes and also expansion of services to benefit the community at large and minimize on referrals.

APPRECIATION

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, County government of Kisumu, the entire hospital management board, the hospital management team and the entire hospital staff for always offering their service.



Mr. David Okeyo, HSC, MBS

Chairman to the Board

6. Report of The Medical Superintendent

BACKGROUND

Chulaimbo County Hospital has been in existence for more than a century, having been established in the early 2000s to cater for the health needs of the workers at the then port town of Kisumu. Since then, it has grown to become the Kisumu West sub county Hub facility receiving referrals from within the sub county. Serving various Sub-Counties within its locality. In terms of the Clinical/operational performance, the

Facility catchment area projected population is 25,969.

The hospital has a bed capacity of 26. With an overall patient attendance during the year for both inpatient and outpatient is estimated at between 8,000- 11000.

No of deliveries done by skilled birth attendance approximately 600 per year

Accident and Emergency attendance estimated at 100 per year

Specialized clinic attendance is estimated at 20 patients per month.

HIV care and treatment prevention services also offered with a total of 5,300 clients

Average length of stay for in patient for in patient is 3 days

Bed occupancy rate at 50%-60%, Mortality rate of 0.1 of 100

As a facility we have been dedicated to improving patient care and driving operational excellence.

Clinical areas

In the Outpatient the following are the services offered:

Accident and emergency services, MCH services (ANC, PNC, family planning, immunization, cervical cancer screening services, Special clinics (DOPC, MOPC, POPC: screening for non-communicable diseases), Dental clinic services, Comprehensive Care Clinic services

Youth friendly services (adolescents and Youths

In the Inpatient department the following are the services offered within the hospital:

Basic emergency inpatient care, Maternity services, Antenatal and Post Natal services

Medical ward (Male and Female), Paediatric ward, Laboratory services e.g., malaria; Smear test for TB; HIV, FHG and Radiologic & imaging services offering (ultrasound) once a week

Continues Quality Improvement

The facility embarked on implementing quality improvement initiatives to ensure improved quality of care and achieve better patient outcomes. The facility had in place a vibrant and active committee of Quality Healthcare (QHC) and work with Work improvement Teams (WITs) within various departments whose operations encompass patient safety, clinical governance, infection prevention & control, as well as monitoring and evaluation. The hospital ensures that protocols, SOPs and guidelines for patient management are followed and adhered to.

Patient safety and patient satisfaction and the two indicators that as a facility were keen on while implementing continuous quality improvement and this was made possible by collaboration and support with implementing partners like KEIZEN Institute , USAID Boresha Jamii and county government of Kisumu amongst others.

Revenue

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

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Chulaimbo based on the population that its serves is faced with a lot of challenges ranging from Global issues, 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.

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)).

Appreciation

APPRECIATION

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, County government of Kisumu through its very able leadership, development partners, stakeholders, for their continued support throughout the journey

I acknowledge the contribution of our entire Staff and Management towards the performance of the hospital. They worked tirelessly through the challenges and demonstrated an enduring commitment to provide excellent services to our clients as a team.

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



.....
Dr Rukia Aksam

Secretary to the Board

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 the financial statement, a statement of the County Government entity's performance against predetermined objectives.

Chulaimbo has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2022/FY 2023. These strategic pillars/ themes/ issues are as follows:

1. Clinical services and products
2. Healthcare financing and sustainability
3. Quality improvement
4. Human resource development
5. Infrastructure development

Develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *hospital* achieved its performance targets set for the FY 2022/2023 period for its xx strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery and Infrastructural development	To Establish and enhance good clinical governance	Hospital Drug formulary in place • No .of stock-out tracer drugs • No. of prescription reviewed • Updated SOPs	Rational use of Medications • Rational use of blood and blood products • Provision of Health products • Monthly Clinical Audits and mortality Meetings	Hospital Drugs formulary in place. • % reduction in morbidity and mortality
Healthcare	To increase re	Revenue Reports	Diversify	Revenue

Financing and Sustainability	venue Generation	• % increase in revenue	Revenue Streams <ul style="list-style-type: none"> • Review User Fee Charges • Increased Customer Base • Develop Concept papers and proposals to develop partners 	improved compared to previous year <ul style="list-style-type: none"> • Review of user fees Continuous and on progress
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Corporate Governance Statement

Chulaimbo Board of Management is responsible for the corporate governance of the Hospital 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. The Board members attach great importance to the need to conduct business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Kisumu County. The appointment Board of Management to be held accountable and responsible for the efficient and effective governance of the Hospital Board Members have a range of skills and experience and each brings an independent judgement and considerable knowledge to the Board's discussions. The board term is 2 years renewal subject to performance contract.

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

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

The full Board meets at least 4 times a year and Chairperson has bi-weekly meetings/Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

b) 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. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The main Board held 10 meetings attended by the selected members.

8. 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 Chulaimbo Level 4 Hospital, will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kisumu. The day-to-day management of the hospital is vested on the Medical Superintendent.

Clinical/operational performance

- The hospital has a bed capacity of 26.
- Overall patient attendance during the year for both inpatient and outpatient is estimated at 15,000.
- Accident and Emergency attendance estimated at 59
- Specialised clinic attendance 3 estimated at 3600pts
- Average length of stay for in patient is 3 days.
- Bed occupancy rate 80%
- Mortality rate 1 to 1000 population

9. Environmental and Sustainability Reporting

Environmental performance

Chulaimbo Level 4 Hospital is using the National Health Care Waste Management policy guideline which is guiding us in management of the waste that has generated in the organization and we have a copy of the policy. Successes,

- We are having colour-coded bins (receptacles) at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of the waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose of non-contaminated waste to the dumping site.

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

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.



.....
Dr. Rukia Aksam

Secretary to the Board

10. 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 (continue to be)

Results

The results of the entity for the year ended June 30 2023 are set out on pages to

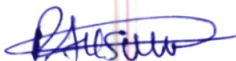
Board of Management

The members of the Board who served during the year are shown on page xx. During the year, xxx director(s) retired/ resigned, and xxx director(s) was appointed with effect from xxxx date.

Auditors

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

By Order of the Board



.....
Dr. Rukia Aksam

Secretary to the Board

11. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Chulaimbo level 4 Hospital, which give a true and fair view of the state of affairs of the *Chulaimbo level 4 Hospital* at the end of the financial 2022/2023 and the operating results of the *entity* for the year 2022/2023. The Board of Management is also required to ensure that the Chulaimbo level 4 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 Chulaimbo level 4 Hospital.

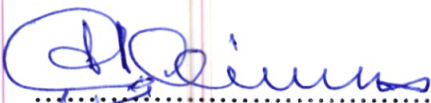
The Board of Management is responsible for the preparation and presentation of Chulaimbo level 4 Hospitals' financial statements, which give a true and fair view of the state of affairs of Chulaimbo Level 4 Hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility 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 *Chulaimbo Level 4 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 Chulaimbo Level 4 Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Facilities Improvement Fund (FIF) Act. The Board members are of the opinion that Chulaimbo Level 4 Hospital financial statements give a true and fair view of the state of Chulaimbo Level 4 Hospitals' 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 *entity*, which have been relied upon in the preparation of Chulaimbo Level 4 Hospitals' financial statements as well as the adequacy of the systems of internal financial control.

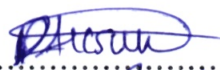
Nothing has come to the attention of the Board of management to indicate that Chulaimbo Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 6th July, 2023 and signed on its behalf by:



Name: DAVID OKEYO, RSC, MBS
Chairperson
Board of Management



Name: Dr Lucia Akoth
Accounting Officer

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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HEADQUARTERS
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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CHULAIMBO 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 Chulaimbo Level 4 Hospital – County Government of Kisumu set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

Report of the Auditor-General on Chulaimbo Level 4 Hospital for the year ended 30 June, 2023 – County Government of Kisumu

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

In my opinion, except for effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Chulaimbo 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, County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the following inaccuracies in the amounts and balances:

1.1. Statement of Financial Performance

The statement of financial performance reflects transfer from county government comparative as Kshs.8,158,946 while the corresponding Note 6 reflects Kshs.9,875,225 resulting in an unexplained variance of Kshs.1,716,279. Further, the statement of financial performance reflects a comparative amount of Kshs.80,000 in respect of transfer from other government entities NHIF while the corresponding Note 9 reflects Kshs.18,000 resulting in an unreconciled variance of Kshs.62,000.

In addition, the statement reflects Transfer from the County Government amount of Kshs.1,287,514 as disclosed in Note 6 to financial statements however the supporting schedules reflects an amount of Kshs.7,035,699 resulting in an unreconciled variance of Kshs.5,748,185.

1.2. Statement of Financial Position

The statement of financial position reflects Nil balance in respect of net assets which is at variance with the recalculated amount of Kshs.9,051,673. Further, the Nil balance in respect of total net assets is at variance with the total net assets and liabilities balance of Kshs.7,717,216 resulting to an unexplained variance of Kshs.7,171,216.

1.3. Statement of Cash Flows

The statement of cash flows reflects Nil balance in respect of net increase in cash and cash equivalents which is at variance with the recalculated amount of Kshs.3,177,724 resulting to understatement of cash and cash equivalents balance as at 30 June, 2023 by the same amount.

1.4. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total actual income of Kshs.9,597,077. However, the statement of financial performance indicates final income amount of Kshs.10,538,242 resulting to an unexplained variance of Kshs.941,165. Further, the recast of actual expenditure of the statement yielded amount of Kshs.5,249,049. However, the statement of financial performance indicated total expenditure amount of Kshs.7,360,518 resulting to unexplained variance of Kshs.2,111,469. In addition, the statement lacked totals in expenditure of original budget, final budget and actual on comparable basis.

1.5. Variances Between the Financial Statements and Comparative Balances

The financial statements reflect comparative balances that differ with the previous year 2021/2022 audited financial statements balances as shown below:

Component Description	Statement	Financial Statements (Kshs)	Audited Financial Statements (Kshs)	Variance (Kshs)
User Fee Forgone	Financial Performance	1,636,279	-	1,636,279
Rendering of Services - Medical Services Income	Financial Performance	1,663,721	1,636,279	27,442
Revaluation Reserve	Financial position	1,060,211.85	0	1,060,211.85
Transfers from the County Government	Note 6	8,238,946	8,158,946	80,000
Medical and Clinical Costs	Note 15	5,644,068	3,440,600	2,203,468
Salaries, Wages and Allowances	Note 16	714,000	1,178,400	464,400
Sitting Allowance	Note 17	64,947	40,000	24,947
Depreciation on Intangible Assets	Note 18	-	25,000	25,000
Repairs and Maintenance	Note 19	657,999	394,776	263,223
General Expenses	Note 21	1,750,999	2,279,446	528,447
Cash and Cash Equivalents	Note 27	-	1,568,004	1,568,004
Receivables from Exchange Transactions	Note 28	-	1,654,279	1,654,279

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

2. Variances Between Financial Statements and Supporting Schedules

The audit revealed variances between the financial statements and supporting schedules as detailed below:

Item Description	Financial Statements Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance (Kshs)
Inventories	8,350,777	10,991,372	2,640,595
Employee costs	807,000	1,125,000	318,000
Transfer from the county Government	3,824,233	7,035,699	3,211,466

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

3. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,262,353 as disclosed in Note 27 to the financial statements. However, Note 27(a) on analysis of cash and cash equivalents discloses a balance of Kshs.778,893 resulting to unexplained variance of Kshs.483,460. No reconciliations were provided for the variance between the cashbook balance and the amount reported in the financial statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,262,353 could not be confirmed.

4. Misstatement of Revenue from Rendering Services

The statement of financial performance reflects an amount of Kshs.2,979,609 in respect of rendering of services – medical service income as disclosed in Note 11 to the financial statements. However, review of National Health Insurance Fund data revealed claims amounting to Kshs.6,304,365 during the year under review resulting to an unexplained variance of Kshs.3,324,756.

In the circumstances, the accuracy and completeness of revenue from rendering services - medical income amount of Kshs.2,979,609 could not be confirmed.

5. Unreconciled Receivables from Exchange Transactions

The statement of financial position reflects Kshs.2,189,100 in respect to receivables from exchange transactions as disclosed in Note 28 to the financial statements. However, review of inpatient and outpatient records revealed unpaid claims amounting to Kshs.4,526,800 owed to the Hospital by National Health Insurance Fund as at 30 June, 2023 resulting to an unreconciled variance of Kshs.2,337,700.

In the circumstances, the accuracy and completeness of Kshs.2,189,100 in respect to receivables from exchange transactions could not be confirmed.

6. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.3,993,492 as disclosed in Note 34 to the financial statements. However, the supporting documents including invoices, delivery notes, local service or local purchase order numbers, interim or completion certificates for the works done, issues and receipts vouchers and the dates when the bills were incurred were not provided for audit to confirm the validity of the payables.

In addition, the Management did not maintain an ageing analysis to assess the status of outstanding bills owed to the creditors and the duration they had remained outstanding was not provided for audit.

In the circumstances, the accuracy and validity of Kshs.3,993,492 in respect of trade and other payables could not be confirmed.

7. Non-Disclosure of Property, Plant and Equipment

The statement of financial position does not reflect a balance for property, plant and equipment. However, audit inspection within the Hospital's compound and offices revealed that the Hospital owns various assets including land, buildings, civil works, motor vehicles, hospital equipment, computers and furniture but whose valuation reports and ownership documents were not provided for audit review. The asset register provided for audit was incomplete and did not include a 5-acre parcel of land, two (2) motor vehicles and all the buildings owned by the Hospital. Further, the asset register lacked details such as cost of assets, depreciation charge, net book values, date of purchase or acquisition and unique identification tag of each asset.

In addition, audit inspection revealed that the 5-acre parcel of land on which the Hospital sits was donated by the community but the title had not been transferred to the name of the Hospital and logbooks for the two (2) vehicles in custody of the Hospital were not provided for audit. Furthermore, Management had installed an Integrated Health Care Information Management System. However, Management did not provide for audit purposes the ownership documents of the system, including copyright registration, the signed handover documents and the value was not disclosed in the financial statements.

In the circumstances, valuation and existence of the Hospitals property, plant and equipment could not be confirmed.

8. Non-Disclosure of Intangible Assets

Management had installed an Integrated Health Care Information Management System. However, Management did not provide for audit purposes the copyright registration, the signed handover documents and the value was not disclosed in the financial statements.

In the circumstances, valuation and existence of the Hospitals intangible assets could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chulaimbo 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 communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues have not been disclosed in the financial statements. Further, Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Inconsistencies in the Presentation of Financial Statements

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

- i. The report of the medical superintendent at page (xii) indicates that the total expenditure during the period amounted to Kshs.9,893,225 which is at variance with an amount of Kshs.7,360,518 reflected in the statement of financial performance resulting to an unexplained variance of Kshs.2,532,737.

- ii. Evidence by way of Board minutes confirming that the annual report and financial statements were approved by the Hospital's Board of Management was not provided for audit.
- iii. The Hospital's Management identified five (5) strategic pillars under the statement of performance against predetermined objectives at page (xiv). However, the annual report omits progress on attainment of the identified strategic development objectives as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.
- iv. The Management's Discussion and Analysis at page (xvii) does include the financial performance of the Hospital as prescribed in the reporting requirements.

In the circumstances, the financial statements were not compliant with the format prescribed in the Annual Financial Reporting template issued by the Public Sector Accounting Standards Board.

2. Irregular Engagement and Payment of Casual Employees

The statement of financial performance reflects employee costs amount of Kshs.807,000 as disclosed in Note 16 to the financial statements. Review of employees' related documents including payrolls revealed that the expenses were incurred in respect casual wages to casual workers during the period under review. However, the approved staff establishment showing deficiency of staff to be filled by the casuals, formal requests done from the departmental heads on the need for engaging casuals and Board of Management's approval were not provided for audit. This implies that Management irregularly engaged and paid the casual employees during the period under review. Further, Management engaged the casual employees for more than six months without review of their terms contrary to Section 37(1)(b) of the Employment Act, 2007 which provides that where a casual employee performs work for more than three months, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and Section 35(1)(c) shall apply to that contract of service.

In addition, the casual workers were paid monthly wage ranging from Kshs.2,520 to Kshs.9,000 against the recommended minimum wage rate of Kshs.13,573 for the general casuals as per the minimum wage guidelines.

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

3. Irregular Procurement of Clinical and Medical Supplies

As disclosed in Note 15 to the financial statements, the statement of financial performance reflects clinical and medical costs amounting to Kshs.4,238,816 in respect of pharmaceutical and non-pharmaceutical supplies. Review of payment vouchers revealed that the Hospital Management procured the supplies from various suppliers. However, the evidence of competitive bidding, method of procurement and identification of the supplier could not be ascertained since the supporting procurement documents

including user requisitions, letters of appointment of opening and evaluating committees, tender opening and tender evaluation minutes, professional opinions, award letters, stores ledgers and and contract or service agreements were not provided for audit.

In the circumstances, value for money of the expenditure of Kshs.4,238,816 in respect of clinical and medical supplies could not be confirmed.

4. Stalled Construction of Maternity Theatre

Project verification exercise conducted at the Hospital revealed that the construction of the maternity theatre had stalled at the finishing level after the contractor abandoned the project site. Further, the project file and bills of quantities, procurement documents and payment vouchers in support of this contract were not provided for audit.

In the circumstances, the regularity and value for money for the stalled maternity theatre could not be confirmed.

5. Lack of Approved Budget

The statement of comparison of budget and actual amounts reflects original and final budget amounts of Kshs.9,597,077 and Kshs.5,249,049 for revenue and re-calculated expenditure respectively. However, the minutes of the Board approving the budgets were not provided for audit. This was contrary to Section 149(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized.

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

6. Non-Functional and Unutilized Medical Equipment

Verification of the Hospital's records and equipment revealed that most of the essential medical equipment were either completely or partially not functional resulting to slow and compromised health care service delivery to the public as detailed below:

No.	Equipment	Quantity	Audit Observation
1	Autoclave 59 L	2	One unit is partially functional while the other is completely broken down.
2	Suction Machine	2	One unit is completely broken down
3	Laboratory Microscope	2	One unit is functional while the other is completely broken down.
4	Electrolyte/Lipid Profile Analyzer Machine	1	Not available
5	Infant Incubator	1	Not functional
6	Maternity Delivery Beds	2	One unit is functional while the other is broken down due to missing parts.

No.	Equipment	Quantity	Audit Observation
7	Patients Beds	26	Ten (10) beds are broken down and therefore require replacement.
8	Stretcher	1	The only existing unit is fully depreciated and non-functional.
9	Examination Lights	2	One unit is functional while the other is faulty thus non-functional.
10	Examination Couch	8	Two units are partially functional.
11	Emergency Crash Cart/Emergency Trolley	0	Not available
12	Drip Stand	4	Only two units are functional while the other two are broken down.
13	Dressing Trolley	1	Not functioning
14	Patients Screen 4-Fold	4	Only one unit is in use while the other three units are broken down.

In the circumstances, value for money may not be obtained by the public and the quality of health care service offered to the public is likely to be compromised.

7. Non-compliance with Universal Health Coverage (UHC) Requirements

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 80 staff requirements or 79% of the authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage (%)
Medical officers	16	3	13	81
Anesthesiologists	2	-	2	100
General surgeons	2	-	2	100
Pediatrician	2	-	2	100
Radiologists	2	1	1	50
Kenya Registered Community Health Nurses	75	17	58	77
Gynecologists	2	-	2	100
	101	18	80	79

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 (%)
Bed Capacity	150	26	124	83
Newborn Incubators	5	-	5	100
New Born Unit Cots	5	-	5	100
Resuscitaire in Theatre	1	-	1	100
Resuscitaire in Labor Ward	2	1	1	50
Functional Intensive Care Unit Beds	6	-	6	100
Renal Unit with at Least 5 Dialysis Machines	5	-	5	100

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

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

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital Management has not put in place a risk management policy, strategies and risk register to mitigate against risk. It was therefore not clear how risk exposure was managed. This is in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operations. Further, the Hospital did not have a disaster recovery and business continuity plans required for identifying, preventing, and mitigating against disasters and ensuring that its operations are not interrupted. This was contrary to provisions of Regulations 158(b)(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the existence of an effective risk management could not be confirmed.

2. Use of Manual Accounting Records

The Hospital has HealthCare Information Management System. However, it was noted that Management had not fully utilized the System since the financial records including cashbook and ledgers were maintained in manual form which do not have the necessary backups thereby exposing the Hospital's financial information to risk of inaccuracies, inefficiencies, manipulations and loss. The explanation to justify why the financial transactions were not maintained the system was not provided.

In circumstances, the controls on the accounting records and systems could not be confirmed.

3. Weak Internal Controls on Revenue Management System

Review of the Hospital's revenue collection and management system revealed various internal control weakness that could affect the reliability to generate accurate and complete revenue reports. It was noted that there was lack of segregation of duties as the cashier doubled as the billing clerk. Further, there was no evidence of daily reconciliations of revenue collected manually verses mobile payment transactions used in banking. In addition, Management did not conduct daily or periodic reconciliations of mobile revenue collections against the Integrated Health Care Management Information System.

In the circumstances, the existence and or effectiveness of internal controls over revenue collection could not be confirmed.

4. Lack of Standard Operating Procedures and Policies

The Hospital did not provide approved standard operating procedures which play an important role in guiding operations and acting as a reference guide. Further, Management had not developed a finance policy to guide in its financial and administrative functions.

In the absence of standard operating procedures and policies, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

5. Lack of Internal Audit Review

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

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

6. Weak Internal Controls in Stores and Lack of Inventory Management System

Review of the Hospital's stores and stock cards revealed that there was lack of stock take reports as the Management did not conduct stock take at the close of the financial year. Further, the Hospital had different stores for each department, manned by user departments. However, the stores were manned by staff with no evidence of technical training in stores management. In addition, lack of segregation of duties was noted as the same officer in charge of stores requisitioned for stocks, made issuance, utilized the stores, maintained stores records and carried out stock take with no evidence of checks and balances. Furthermore, there was lack of inventory management system for recording stock received or issued and the manual stock cards were also not regularly updated.

In the circumstances, effectiveness of internal controls implemented in the stores department to safeguard against possible losses could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Hospital to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide 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

08 July, 2024

Chulaimbo Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

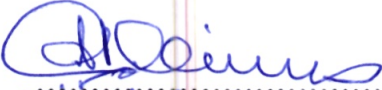
13. Statement of Financial Performance for The Year Ended 30 June 20XX

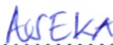
Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,287,514.00	8,158,946.00
In- kind contributions from the County Government	7	0	0
User fee forgone	6	2,536,719.00	1,636,279.00
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	3,715,900.00	80,000.00
Public contributions and donations	10		
		7,540,133.00	9,875,225.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	2,979,609.00	1,663,721.00
Revenue from rent of facilities	12	18,500.00	18,000.00
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
		2,998,109.00	1,681,721.00
Total revenue		10,538,242.00	11,556,946.00
Expenses			
Medical/Clinical costs	15	4,238,816.00	5,644,068.15
Employee costs	16	807,000.00	714,000.00
Board of Management Expenses	17	123,000.00	64,947.00
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	402,438.00	657,999.00
Grants and subsidies	20	0	0
General expenses	21	1,789,264.00	1,750,999.00
Finance costs	22	0	0
Total expenses		7,360,518.00	8,832,013.15
Other gains/(losses)			

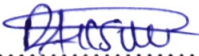
*Chulaimbo Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		3,177,724	1,060,211.85

The Hospital's financial statements were approved by the Board on 6th Jul, 2023 _____ and signed on its behalf by:


 DAVID OCHIENG, HSC, MRS
 Chairman
 Board of Management


 AWEKA
 Head of Finance
 ICPAK No: 13840


 Medical Superintendent
 Dr Lucia A. A. A. A.

Chulaimbo Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

14. Statement of Financial Position As At 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,262,353.00	0
Receivables from exchange transactions	28	2,189,100.00	1,654,279.00
Receivables from non-exchange transactions	29	1,242,935.00	8,238,946
Inventories	30	8,350,777.00	0
Total Current Assets		13,045,165.00	9,893,225.00
Non-current assets			
Property, plant, and equipment	31	0	0
Intangible assets	32	0	0
Investment property	33	0	0
Total Non-current Assets		0	0
Total assets		13,045,165.00	9,893,225.00
Liabilities			
Current liabilities			
Trade and other payables	34	3,993,492.00	8,832,013.15
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
Total Current Liabilities		3,993,492.00	8,832,013.15
Non-current liabilities			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession liability	40	0	0
Social Benefits	41	0	0

Chulaimbo Level 4 Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Total Non-current liabilities		0	0
Total Liabilities		3,993,492.00	8,832,013
Net assets			
Revaluation reserve		0	1,060,211.85
Accumulated surplus/Deficit		3,177,724.00	1,060,211.85
Capital Fund			
Total Net Assets and Liabilities		7,171,216.00	9,893,225.00

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



DAVID OKEYO, HSC, MBS
Chairman
Board of Management

ASSEKA

Head of Finance
ICPAK No: 13840



Medical Superintendent
Dr Rukia Alesam

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	0			
Revaluation gain	-	-	-	
Surplus/(deficit) for the year	-	1,060,211.85	-	1,060,211.85
Capital/Development grants	-	-		
As at June 30, 2022	-	1,060,211.85		1,060,211.85
At July 1, 2023	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,177,724.00	-	3,177,724.00
Capital/Development grants	-	-	-	-
At June 30, 2023	-	3,177,724.00	0	3,177,724.00

16. 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	6	1,287,514.00	8,158,946.00
Grants from donors and development partners		0	0
Transfers from other Government entities	9	3,715,900.00	80,000.00
Public contributions and donations		0	0
User forgone fee	6	2,536,719.00	
Rendering of services- Medical Service Income	11	2,979,609.00	1,636,279.00
Revenue from rent of facilities	12	18,500.00	18,000.00
Finance / interest income	12	0	0
Miscellaneous receipts(<i>specify</i>)	13	0	0
Total Receipts		10,538,242.00	9,893,225.00
Payments			
Medical/Clinical costs	14	4,238,816	5,644,068.15
Employee costs	15	807,000.00	714,000.00
Board of Management Expenses	16	123,000.00	64,947.00
Repairs and maintenance	18	402,438.00	657,999.00
Grants and subsidies	19	0	0
General expenses	20	1,789,264.00	1,750,999.00
Finance costs	21	0	0
Refunds paid out	22	0	0
Total Payments		7,360,518.00.00	8,832,013.15
Net cash flows from operating activities		3,177,724.00	1,060,211.85
Cash flows from investing activities		0	0
Purchase of property, plant, equipment & intangible assets		0	0
Proceeds from the sale of property, plant, and equipment		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0

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Capital grants received		0	0
Net cash flows used in financing activities		0	1,060,211.85
Net increase/(decrease) in cash and cash equivalents		0	0
Cash and cash equivalents as at 1 July	27	0	0
Cash and cash equivalents as at 30 June 2023	27	1,262,353.00	0

18. Notes to the Financial Statements

1. General Information

Chulaimbo Level 4 Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kisumu County in Kenya. The entity's principal activity is Health provision.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</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"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ol style="list-style-type: none"> i. 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; ii. 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.

iii) *Early adoption of standards*

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

4. Summary of Significant Accounting Policies

- a. Revenue recognition
- i) Revenue from non-exchange transactions

Transfers from other Government entities

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

- ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board on .xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Chulaimbo Level 4 Hospital recorded additional appropriations of 0.00 on the FY2023 budget following the Board's approval. The Chulaimbo Level 4 Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 22 under section .xxx of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 3 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to

settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	1,287,514	8,238,946
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
	1,287,514	8,236,946
Conditional grants		
User fee forgone	2,536,719	1,636,279
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	3,824,233	9,875,225

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			2022-2023		2021/2022
			KShs	KShs	KShs
Kisumu County Government	1,287,514	0	1,287,514	1,287,514	8,238,946
Total	1,287,514	0	1,287,514	1,287,514	8,238,946

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
Total grants in kind	0	0

(No in-kind payments was received during the year)

8. Grants From Donors and Development Partners

Description	Insert Current FY 2023/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(No grant was received from donors during the FY)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period fy 2021/2022
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Transfer from National Government (Ministry of Health)		0
Transfer from National Hospital Fund	3,715,900.00	18,000
Total Transfers	3,715,900.00	18,000.00

10. Public Contributions and Donations

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

(No donation received during this FY)

10 (a) Reconciliations of amortised grants

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Pharmaceuticals	552,228.00	500,000.00
Non-Pharmaceuticals	0	200,000.00
Laboratory	536,800.00	150,000.00
Radiology	13,422.00.	50,000.00
Orthopedic and Trauma Technology	0	0
Theatre	0	0
Accident and Emergency Service	0	0
Anesthesia Service	0	0
Ear Nose and Throat service	0	0
Nutrition service	0	50,000.00
Maternity	86,750.00	700,000.00
Cancer centre service	0	0
Dental services	10,250.00	0
Medical examination	39,100.00	0
Physiotherapy	530.00	0
Reproductive health	0	0
Paediatrics services	277,060.00	0
Farewell home services	0	0
MRs	636,509.00	
Other medical services income (<i>specify</i>)	826,960.00	13,721
Total revenue from the rendering of services	2,979,609.00	1,636,279.00

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Residential property	18,500.00	18,000
Commercial property	0	0
Total Revenue from rent of facilities	18,500.00	18,000

(This is income received from renting of one of the properties owned by the entity)

13. Finance /Interest Income

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(No revenue received under this category)

14. Miscellaneous Income

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Dental costs/ materials	24,600.00	52,400.00
Laboratory chemicals and reagents	455,000.00	1,550,000.00
Public health activities	0	550,000.00
Food and Ration	310,582.00	850,000.00
Uniform, clothing, and linen	0	0
Dressing and Non-Pharmaceuticals	550,566.00	555,000.00
Pharmaceutical supplies	981,733.00	1,520,000.00
Health information stationery	0	0
Reproductive health materials	0	20,000.00
Sanitary and cleansing Materials	184,990.00	52,000.00
Purchase of Medical gases	0	20,000.00
X-Ray/Radiology supplies	0	50,000.00
Other medical related clinical costs (<i>specify</i>)	1,731,345	374,668.00
Total medical/ clinical costs	4,238,816.00	5,644,068.00

16. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Salaries, wages, and allowances	807,000.00	714,000.00
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>)	0	0
Employee costs	807,000.00	714,000.00

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	123,000.00	64,947.00
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	123,000.00	64,947.00

18. Depreciation and Amortization Expense

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property- Buildings	88,000.00	0
Medical equipment	55,000.00	400,000.00
Office equipment	30000	100,000.00
Furniture and fittings	0	50,000.00
Computers and accessories	20,000.00	10,000.00
Motor vehicle expenses	209,438.00	40,000.00
Maintenance of civil works	0	57,999.00
Total repairs and maintenance	402,438.00	657,999.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

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

21. General Expenses

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Advertising and publicity expenses	0	10,000.00
Catering expenses	0	150,000.00
Waste management expenses	0	10,000.00
Insecticides and rodenticides	0	5,000.00
Audit fees	0	0
Bank charges	0	15,000
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	340,899.00	400,000.00
Fuel and Lubricants	0	15,000.00
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	13,700.00	150,000.00
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	0	5,000.00
Printing and stationery	194,400.00	50,000.00
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	217,482.00	250,000.00

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Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Skills development levies	0	0
Telephone and mobile phone services	23,000.00	90,999.00
Internet expenses	0	0
General Office Supplies	699,783	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Contracted guards	300,000.00	0
Library books/Materials	0	100,000.00
Parking charges	0	0
Total General Expenses	1,789,264.00	1,750,999

22. Finance Costs

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

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

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Current accounts	1,262,353	0
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	1,262,353	0

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

Notes to the Financial Statements (Continued)

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

Description		FY 2022-2023	FY 2021-2022
Financial institution	Account number	KShs	KShs
a) Current account			
COOP		483,460.05	0
KCB		295,433.00	
Sub- total		778,893.00	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		778,893.00	0

28. Receivables From Exchange Transactions

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Medical services receivables	2,189,100.00	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	2,189,100.00	0

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

Analysis of Receivables From Exchange Transactions

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Description	FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	2,189,100.00	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	2,189,100.00	%	0	%

29. Receivables From Non-Exchange Transactions

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Transfers from the County Government	1,242,935.00	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	0	0

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

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

30. Inventories

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Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Pharmaceutical supplies	8,270,897.00	0
Maintenance supplies	0	0
Laboratory reagents	798,740.00	0
Linen and clothing supplies	0	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	8,350,777.00	0

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2022	0	0	0	0	0	0	0	0
At 1 July 2023	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments		0		0			0	-
At 30th Jun 2023	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2022		0	0	0	0	0		0
Depreciation for the year		0	0	0	0	0	0	0
Disposals		0	0	0	0	0		0
Impairment		0	0	0	0	0		0
At 30 June 2023		0	0	0	0	0		0

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2023		0	0	0	0	0	0	0
Depreciation		0	0	0	0	0	0	0
Disposals		0	0	0	0	0		0
Impairment		0	0	0	0	0		0
Transfer/adjustment		0	0	0	0	0	0	0
At 30th June 2023		0	0	0	0	0	0	0
Net book values								
At 30 th Jun 2022	0	0	0	0	0	0	0	0
At 30 th Jun 2023	0	0	0	0	0	0	0	0

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (where investment property is at cost)	0	0
Impairment	0	0
At end of the year	0	0

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

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2022-2023		FY 2021-2022	
	KShs		KShs	
Trade payables	3,887,997.00		0	
Employee dues	105,500.00		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	3,993,497.00		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	495,400.00	15%	495,400.00	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	0	0	0	0

35. Refundable Deposits from Customers/Patients

Description	FY 2022-2023		FY 2021-2022	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
Total deposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	0	0	0	0

Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

37. Finance Lease Obligation

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

38. Deferred Income

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	2022-2023	2021-2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	<u>0</u>	<u>0</u>

41. Social Benefit Liabilities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	00	00
Current social benefits	0	0
Non-current social benefits	0	0
Total (tie to totals above)	0	0

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Surplus for the year before tax	1,070,977.00	1,060,211.85
Adjusted for:		
Depreciation	0	0
Non-cash grants received	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0

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Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	0	0

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is

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considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2023				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022(previous year)			
Euro	10%	0	0
USD	10%	0	0
2023			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2023: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 1,070,977.00 (2022 – KShs 1,060,211.85).

Iv Capital Risk Management

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (<i>excess cash and cash equivalents</i>)	0	0
Gearing	0	0

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
d) Key management compensation		

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Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Court case xxx against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

47. Capital Commitments

Capital Commitments	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

19. Appendices


Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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



 Accounting Officer
 Dr Lucia Akstam

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

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

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

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

Head of Accounts Department of the beneficiary entity:

Name ... *AJEKA IIRUS* Sign ... *AJEKA* Date ... *31/7/2024*

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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