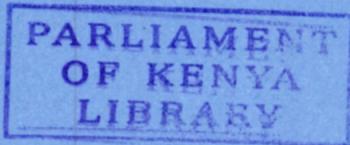


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**SIGOR SUB-COUNTY
LEVEL 4 HOSPITAL**

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

COUNTY GOVERNMENT OF WEST POKOT

DATE RECEIVED
24/09/24
Mik
Adhishman

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

22 MAY 2024

RECEIVED



**Sigor Sub-County Level 4 Hospital
(West Pokot County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I Key Entity Information and Management

(a) Background information

Sigor Sub County Hospital is a level 4 hospital established under gazette notice no 786 of 4th February 2020 and is domiciled in West Pokot County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

To promote and participate in provision of affordable, integrated and high Quality promotive, curative and rehabilitative

Hospital Vision

To be providers of the most cost effective and efficient health care in Kenya.

Hospital Mission

To promote and participate in quality curative, preventive, rehabilitative health care services to all people.

Hospital Goals

To promote and improve the health status of the county through attainment of highest standard of Health care.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Mr. Kenneth Koskey
2.	Accountant	Mr. Musa Merisia
3.	Supply chain and management	Ms. Alice Rutto
4.	Hospital Administrator	Ms. Selina Longiro

No.	Designation	Name
5.	Nursing In charge	Mr. Stephen Okumu

(e) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

The West Pokot County Audit Committee was constituted and inducted on 1st July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the Hospital on institutional risk management.

S/No	Name	Designation
1	Mr. Paul Loitangiro Rikilem	Chairperson
2	CPA Thomas Pkemoi Lotiaka, CPA	Secretary
3	Mr. Kizito Musakala Makhumi CPA	Member
4	Ms. Irene Chebet Lorot	Member

ii) County Assembly committees

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs. The oversight role of the County assembly is exercised directly by all members of the County assembly and through County assembly committees. The following are the committees responsible for oversight in the County assembly:

- Public Accounts and Investment Committee
- Health Sectorial Committees
- Finance and Planning Committee
- Implementation Committee

(f) Entity Headquarters

Sigor Sub- County Hospital
P.O. Box 63-30600
Kapenguria, KENYA

(g) Entity Contacts

Telephone: (+254) 736182216
E-mail: medsupkcrh@westpokot.go.ke
Website: www.westpokot@go.ke

(h) Entity Bankers

1. Kenya Commercial Bank
Kapenguria Branch,
P.O. Box 66 - 30600
Kapenguria, Kenya

(i) Independent Auditors

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

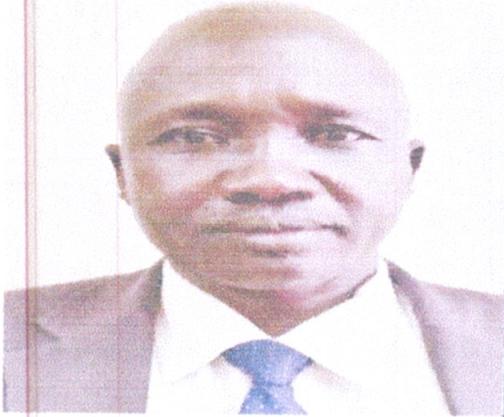
(j) Principal Legal Adviser

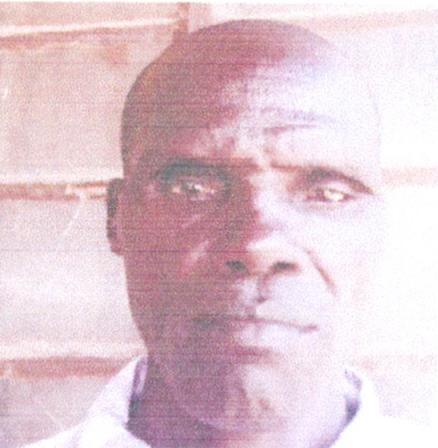
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

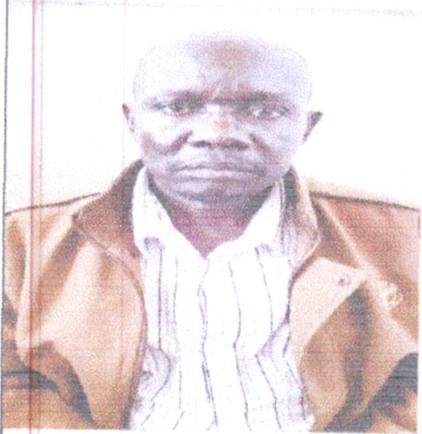
(k) West Pokot County Attorney

P.O. Box. 222-30600
Kapenguria, Kenya

II The Board of Management

Ref	Directors	Details of qualification and experience
1.	 <p data-bbox="300 869 678 900">Mr. Dickson Ritan- Chairman</p>	<p data-bbox="815 407 1528 551">Year of birth: 1975 Education: He has Masters in Wildlife Management and conservation Profession: He is a manager at KWS</p> <p data-bbox="815 586 1528 685">Mr. Ritan is an independent board member who brings management experience of over 16 years at Kenya Wild Life Service.</p>
2.	 <p data-bbox="341 1451 719 1482">Mr. Julius Lorip-Board Member</p>	<p data-bbox="815 945 1528 1043">Mr Lorip was born in 1966 and studied Certificate in Accounting. He is a holder of Kenya Accountancy Technical Certificate 2 C</p> <p data-bbox="815 1079 1528 1178">Mr. Lorip is an accounts clerk by profession with over 10 years in experience. He is currently an independent member of the board.</p>

<p>3.</p>	 <p>Mr. Vincent Komol-Board Member</p>	<p>Mr 1978</p> <p>Education: He holds bachelor's degree in Education.</p> <p>Profession: He is a teacher</p> <p>Mr Komol is 46 years old and a teacher by profession. He studied Education at College</p> <p>Mr. Komol is a teachers with over fifteen years in experience in management of schools</p> <p>He is currently an independent member of the board..</p>
<p>4.</p>	 <p>Ms. Rebecca Nyangat- Board member</p>	<p>Year of birth:1/3/1993</p> <p>Education: KCSE Certificate</p> <p>Profession: She is a business woman</p> <p>Ms was born in 1993 and studied Kenya Certificate of Secondary Education. She is a holder of KCSE.</p> <p>Ms. is a business with over seven years' experience in business management. He is currently an independent member of the board.</p>
<p>5.</p>	 <p>Mr. Daniel Ngoletukei Limasia -Board Member</p>	<p>Year of birth: 1/7/1959</p> <p>Education: He holds a bachelor's degree in Education.</p> <p>Profession: He is a retired teacher</p> <p>Mr Limasia is 64 years old retired teacher. He studied Education at College</p> <p>Mr. Limasia managed many schools prior to his retirement. He brings in over thirty years of experience in management.</p> <p>He is currently an independent member of the board.</p>

6.	 <p>Mr. Stephen Okumu-Secretary</p>	<p>Year of birth: 23/10/1971</p> <p>Education: He holds a degree in nursing(BSCN)</p> <p>Profession: He is a nursing officer.</p> <p>He is a nursing officer who tasked with day to day running of the hospital, chairman of the hospital advisory committee.</p>
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III Management Team

Ref	Management	Details
1.	 <p>Medical Superintendent Stephen Okumu</p>	<p>Year of birth: 23/10/1971 Education: He holds a degree in nursing(BSCN) Profession: He is a nursing officer Staff deployment, day to day running of the hospital, chairman of the hospital advisory committee</p>
2.	 <p>Accountant Frank Kibet</p>	<p>Key professional/academic qualification He is holder of CPA section 2 Area of Responsibility Voucher preparation, Bank reconciliation , Cash book preparation, quarterly and annual Financial report</p>
3.	 <p>Head of clinical services Kenneth Koskey</p>	<p>Key professional/academic qualification Area of Responsibility In charge of clinical services, member of the hospital advisory committee Referring patients to the County Referral Hospital</p>

IV Chairman's Statement

It gives me pleasure to present the financial statements for Kapenguria County Referral Hospital board for the period ended June 30, 2023. The financial statements have been prepared in accordance with Section 164(2) of the Public Finance Management Act, 2012 and Section 46 of The Urban Areas and Cities Act of 2011. They contain appropriation accounts showing the services for which the appropriated money was rendered, amounts actually spent on each service, and any variations between the actual expenditure and the sums vote for the financial year 2021/2022.

In order to ensure improved transparency, accountability and fiscal responsibility the Hospital is committed to prudent use of its finances guided by sound fiscal policies that ensure efficient utilization of resources. Taking consideration of the importance of the citizens' voice in prioritizing development programmes, we continuously engage and update the citizens of Kapenguria County Referral Hospital through public participation. This upholds the key objective of devolution, which is to promote sustainable and equitable social, political and economic development in the County.

The Entity Financing

Sigor County Referral Hospital finances its operations through allocation by the County Government of West Pokot. The department is in the process of mapping key revenue areas that will ensure increased revenue collection that will assist the department increase its fund basket.

Description	Amount (Kshs.)	%
Transfer from the County Government	2,348,277	3%
In Kind contribution from the County Government	75,815,518	97%
Total	78,163,795	100%

Future outlook of the Fund

In the Financial Year under review, the Hospital received its funding through allocations by the County Government and. The Hospital has also been putting strategies in place to ensure it identifies other sources of income that include borrowings, engaging the County Government to transfer the appropriated funds for the Hospitals identifying other potential revenues streams among other strategies. With additional funding, the entity shall be able to implement its programmes by ensuring that service provision to the residents is adequate.

Public Participation:

Good governance entails addressing the needs of the public through consultation and communication, and being accountable to the residents of Sigor and its environs envisaged in our constitution. The management undertook a number of processes to achieve this goal, including holding consultative meetings with a wide range of stakeholders and residents of Sigor; organizing citizen Fora, having a talk show in the local media to discuss pertinent issues affecting the residents, establishing the website where the public can access our programmes and activities. Through these meetings and Fora, the Hospitals able to establish the needs and aspirations of the residents.

Conclusion

The Annual Report 2021/22 provides details on the various activities undertaken the management to ensure that the clients get high standard of services.



.....
Name: Dickson Ritan

Chairperson of the Board

V Report of The Medical Superintendent

I am pleased to report that the financial year under review was challenging and tough. Despite the numerous challenges, we are happy to have achieved some key milestones. We tasked each service delivery area to ensure that patients receive the required services and all payments to done at the cash office. All antenatal clients attending their clinics should pass through the NHIF office for verification. The discharges in maternity should also be captured for Linda mama and a clerk was attached to ensure that no one is left out. The triage nurse in OPD directs patients for ease of congestion in the waiting bay and the serious patients are given first priority and at MCH/FP clinic we are currently doing screening of ca. cervix and we refer the suspected cases to KCRH. For referral cases, we are currently have an ambulance attached to the facility.



.....
Name **STEPHEN OKUMU**
Secretary to the Board

VI Statement of Performance Against Predetermined Objectives

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

Sigor Sub- County Level 4 Hospital has five strategic pillars and objectives within the current Strategic Plan for the health systems These strategic pillars are as follows;

- 1: Leadership and Governance
- 2: Medical supplies and technologies
- 3: Service delivery
- 4: Health Infrastructure
- 5: Health Financing

Other key priorities

- i. Preventive and health service
- ii. General administration and support service
- iii. Curative and Rehabilitation Health service

Sigor develops its annual work plans based on the above five key pillars. 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 2021/2022 period for its hospital strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To ensure proper management of the hospital	Sub committee meetings	Sub-committee meetings in finance, surveillance, advisory, catering etc	Proper management of resources and patients
Pillar 2:	Ensure proper timely procurement of	Proper procurement procedures	Continuous stock taking, timely	Enough supplies of medical commodities

		medical commodities		order and re order	
Pillar 3:		Ensure enough availability of resources	Improve in collection Timely dispatch of FIF Proper utilization of funds	Timely payment of suppliers Timely procurement Timely respond to emergencies etc	Reduced pending bills Availability of medical commodities, Food etc
Pillar 4:		Ensure effective and efficient services to clients	Reduced complaints	Enough medical commodities at the hospital, enough man power, affordable charges	Reduction in outcry from the large population
Pillar 5:		Ensure provision of physical infrastructure, in patients' beds, equipment etc	Sufficient wards, inpatient beds, equipment, ambulances etc	Purchase of equipment, enough wards, moving ambulance etc	Proper service delivery to clients

VII Corporate Governance Statement

Board Meetings

The Board of Sigor sub county Hospital holds its sittings to transact the business of the Board once every three months. The Chairperson of the Board of hospital may, and upon request in writing by at least one-third of the members of the Board shall, convene a special meeting to transact any urgent business of the Board. All regular meetings of the Board of the hospital called for transacting business, where a majority of the members elected are present, shall be open to the public.

A majority of the members of the Board of the hospital is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed. A member of the Board of the hospital who is interested in any discussions or decision-making regarding any subject or transaction under consideration by the Board, shall not be counted as participating in the discussions or decision-making, and is not entitled to vote on or agree to the subject or transaction relating to it.

Role and functions of the board

Subject to the Constitution and any other written law, the Board of the hospital is mandated, within the perform the following functions

- (a) Exercise executive authority as delegated by the CECM of Health
- (b) Ensure provision of services to its residents;
- (c) Promote constitutional values and principles;
- (d) Ensure the implementation and compliance with policies formulated by both the National and County Government;
- (e) Exercise such other powers as may be delegated by the Governor of the CECM Health.

Functions of the Hospital Management Board

The county and sub-county hospital management boards shall —

- (a) be responsible for the supervision of the funds allocated to the respective hospitals;
- (b) open and operate bank accounts at a bank(s) to be approved by the County Executive Members responsible for matters related to finance in the County;

- (c) recommend activities to be included in the hospital work plans based on the County health sector strategic plan;
- (d) cause to be kept books of accounts and records of accounts of the income, expenditure, assets and liabilities of the hospital as prescribed by the Accounting Officer;
- (e) cause to be prepared and submitted to the administrator of the fund monthly, quarterly and annual financial reports as prescribed; and
- (f) cause to be kept a permanent record of all its deliberations.

Remuneration of the Board

The members of the Board of the Hospital are not be entitled to a salary. However, members of the Board are paid allowances as advised by the Salaries and Remuneration Commission

VIII Management Discussion and Analysis

Resource Envelope

The Hospital received a total of kshs. 2,348,277 for recurrent expenditure while the development expenditures were paid through the Headquarters. Major medical drugs and non-pharmaceuticals were also paid through the Headquarters. The entity also received in kind contribution amounting to kshs. 75,815,518

Description	Development(shs.)	Recurrent (shs.)	Total	%
Transfers from the County Government	0	2,348,277	2,348,277	3%
In kind contribution		75,815,518	75,815,518	97%
Total		78,163,795	78,163,795	100%

The entity collects revenue and submits to the County revenue collection account. The entity thereafter receives 70% of the allocation through A.I.E. on a quarterly basis. The 30% balance of the total collection is allocated to County Health Management Team (CHMT).

Revenue collection

Sigor Sub-County Level 4 Hospital has two Revenue sources

- i. NHIF collection – reimbursement
- ii. Revenue Collection

During the year under review there were no NHIF claims as there were no clients using the facility.

Revenue Collections for the FY 2021/2022 were as follows:

Quarter	Q1	Q2	Q3	Q4	Total Amount
Sigor Sub-County Hospital Collections	0	698,000	260,000	483,350	1,461,350.00
TOTAL					1,461,350.00

Expenditures

During the year under review the entity had the following expenditures as approved by the board.

S.no	Description	Amount(shs.)	%
1	Medical, clinical costs	11,748,000	15.20%
2.	Employee costs	64,815,518	83.87%
	Board allowance	310,000	0.40%
3	General expenses	209,000	0.27%
4	Repairs and Maintenance	198,448	0.26%
	Total	77,280,966	100%

Clinical/operational performance

Sigor Hospital has a bed capacity of 40 beds. The Hospital has a general ward, paediatric ward, maternity unit and general outpatient, and majorly those who visit the hospital are children and the elderly because their immunity is low. Overall patient attendance during the year for both inpatient and outpatient stood at 23362, with outpatient being the majority at around 18,261 people while inpatients were 5101.

There were an average of 2540 accidents and emergencies attended in the facility majorly contributed by motorbikes and slightly few obstetric emergencies. Our special clinics attendance is majorly contributed by chest clinic, comprehensive care clinic, nutrition, maternal child health and family planning clinic and eye clinic totalling to 2645.

In our hospital the average length of stay for acute illness is around 3 days and for chronic illness is an average of 2 weeks. The bed occupancy rate is an average of 130% and mostly in the paediatric and maternity unit where we have many admissions. The mortality rate of our hospital is 7%.

The hospital partners with DNDi and FIND supporting Kalaazar in terms of drugs, diagnostics and they are also constructing a general ward. AMPATH and PRDP are supporting TB and HIV. We also have IRC supporting nutrition services in terms of nutrition commodities and outreach clinics.

IX Environmental and Sustainability Reporting

Sigor sub county hospital exists to promote and participate in provision of affordable, integrated and high Quality promotive, curative and rehabilitative. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Sigor sub county Hospital exists to promote and participate in provision of affordable, integrated and high Quality promotive, curative and rehabilitative services. The Sigor sub-County Hospital with the support of West Pokot County Government has actively sought partnerships with the National Government and others in a bid to increase grants and donations and this has led to signing of Intergovernmental Participation agreement between the National Government and County Government of West Pokot to support health activities.

ii) Environmental performance

Sigor sub-County Hospital has in place a Solid Waste Management Policy that has assisted the public and the institution in waste management. The policy has also provided framework to address solid waste problems and ensures at achieving zero waste generation. The policy has further ensured that the Hospital in collaboration with other stakeholders is able to sustain the provision of adequate quality services in solid waste management and establish appropriate response to solid waste challenges. In conjunction with department of Environment, we have developed Environmental Rules and Regulations, which include Noise Regulations among others and this has led to reduction in loud noise, unnecessary or unreasonable noise to ensure health and safety of the others.

iii) Employee welfare

Employee welfare is a critical component for unified service delivery. Sigor sub-County Hospital is very committed in ensuring that the welfare of all its employees is catered for by providing a favourable working environment. During the 2021/2022 financial year and with the stewardship of the County Public Service board and the HR department the following key issues were achieved towards staff welfare:

- Provision of full medical cover for staff and their dependents as well as capacity building through trainings and workshops both internally and at the Kenya School of Government.
- Purchased office furniture and stationeries.

- Result Based Management / Performance management System is key in ensuring staff perform their work and are rewarded accordingly. In this regard the department ensured staff were appraised through systematic staff performance appraisal system where staff participates through work planning, target setting and execution, feedback and reporting. During the year under review, the staff were appraised using a scale to indicate the level of performance and those who performed exemplary were rewarded through trainings.
- The organisation ensures compliance on the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

a) Responsible competition practice.

The Sigor sub-County Referral Hospital applies the principles of public procurement as espoused in the Public Procurement and Asset Disposal Act, 2015; fairness, competitiveness, integrity, professionalism, transparency and accountability, promotion of local industry, promotion of citizen contractors and maximization of value for money.

The County uses the Public Procurement and Regulatory Authority market price index and its own market survey to assure competitive prices of procured goods, works and services. In compliance with achieving affirmative action as provided by the Constitution under Articles 55 and 56 and as enacted in the Public Procurement and Asset Disposal Act, 2015 Sections 155,156,157 & 158, the County reserves 30% of its procurement budget to Youths, Women and Persons Living with Disability. Furthermore, the department prepares and submits the reports to Public Procurement and Regulatory Authority Quarterly and bi-annually as required under the Act and Executive Order no. 2/2018.

b) Responsible Supply chain and supplier relations

The Hospital applies the procurement methods that ensure promotion of local industry through Request for Quotations and Open County Specific Tenders. In accordance, as provided in the first schedule of the Act, the threshold matrix guides all other procurement for adoption for each procurement, which is included in a procurement plan and approved by the accounting officer.

v) Corporate Social Responsibility / Community Engagements

The Hospital engaged in tress planting activities and organized free medical camps for TB and Malnutrition within the county.

Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the entity are to promote and participate in provision of affordable, integrated and high Quality promotive, curative and rehabilitative

Results

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

Board Of Management

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

Auditors

The Auditor General is responsible for the statutory audit of the SSCH in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Medical superintendent STEPHEN OKUMSIGN 

X Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*Facility Improvement Fund Act 2019*) requires the Board of Management to prepare financial statements in respect of that Sigor S.C.H, which give a true and fair view of the state of affairs of the Sigor S.C.H at the end of the financial year and the operating results of the Sigor S.C.H for that year/period. The Board of Management is also required to ensure that the Sigor S.C.H keeps proper accounting records which disclose with reasonable accuracy the financial position of the Sigor S.C.H. The council members are also responsible for safeguarding the assets of the Sigor S.C.H. The Board of Management is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the Sigor S.C.H for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Sigor S.C.H; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Facility Improvement Fund Act 2019*). The Board members are of the opinion that the Sigor S.C.H's financial statements give a true and fair view of the state of Sigor S.C.H's transactions during the financial year ended June 30, 2022 and of the SSCH's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the SSCH which have been relied upon in the preparation of the Sigor S.C.H financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Sigor S.C.H 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 17/5/2024 and signed on its behalf by:



.....
Name:
Chairperson
Board of Management



.....
Name: STEPHEN OKUN
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

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 Sigor Sub-County Level 4 Hospital - County Government of West Pokot set out on pages 1 to 29, which comprise

Report of the Auditor-General on Sigor Sub-County Level 4 Hospital for the year ended 30 June, 2022 - County Government of West Pokot

of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.83,849 as disclosed in Note 13 to the financial statements. However, the balance comprises of balances as per bank statements for three accounts operated by the Hospital and whose cash books and monthly bank reconciliation statements were not provided.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.83,849 could not be confirmed.

2. Unsupported In-Kind Contributions from the County Government

The statement of financial performance reflects In-Kind contributions from the County Government of Kshs.75,815,518 as disclosed in Note 7 to the financial statements. The amount comprises of Kshs.64,815,518 relating to salaries and wages and Kshs.11,000,000 in respect of pharmaceuticals and non-pharmaceuticals supplies that were paid on behalf of the Hospital by the County Executive of West Pokot. However, no records to support the In-Kind contribution were provided.

In the circumstances, the accuracy and completeness of In-Kind contribution from the county government of Kshs.75,815,518 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position does not disclose property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment

which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

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

4. Unconfirmed Inventory Balance

The statements of financial position does not disclose inventory balance and there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2022.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The Hospital Management submitted the annual reports and financial statements for audit on 15 April, 2024, eighteen (18) months after the statutory deadline of 30 September, 2022. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires the financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management was in breach of law and the audit could not be completed within the statutory deadlines.

2. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects the final approved budgeted receipts and expenditures of Kshs.79,335,518. However, the Hospital did not have an approved budget for the year under review contrary to Regulation 50(2) of Public Finance Management (County Governments) Regulations, 2015 which states that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets. Further, review of County Government of West Pokot budget revealed that Kshs.12,860,000 had been budgeted as transfers to Sigor Sub-County Hospital in the year under review. However, the facility only received Kshs.2,348,277 or the (18%) of the budgeted amount. These amounts included reimbursements from the NHIF thus under-funding the Hospital by Kshs.10,511,723.

In the circumstances, Management was in breach of the law and effective service delivery to the public may not have been achieved.

3. Deficiencies in Implementation of Universal Health Coverage

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 seventy-five (75) medical staff requirements or 74% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	0	(16)	100
Anaesthesiologists	2	0	(2)	100
General Surgeons	2	0	(2)	100
Gynaecologists	2	0	(2)	100
Paediatrics	2	0	(2)	100
Radiologists	2	0	(2)	100
Kenya Registered Community Health Nurses	75	26	(49)	65
Total	101	26	75	74

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	40	(110)	73
Resuscitative (2 in Labor & 1 in Theatre)	5	1	(4)	80
New Born Unit Incubators	5	0	(5)	100
New Born Unit Cots	1	0	(1)	100
Functional ICU Beds	2	0	(2)	100
High Dependency Unit (HDU) Beds	6	0	(6)	100
Renal Unit with at least 5 Dialysis Machines	6	0	(6)	100
Two Functional Operational Theatres-Maternity & General	5	0	(5)	100

Further, the Hospital's lacked adequate washroom facilities, perimeter fence and there was rampant water shortage due to illegal connections.

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.

4. Weaknesses in Management of Assets

Review of records revealed that Management did not have ownership documents for the land on which the Hospital is situated and did not maintain an asset register contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations of 2015 which states that the accounting officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

Further, review of inventory records revealed that there were no stores requisition forms, bin card updates indicating inventory movements and no segregation of duties in the store's management process.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy, Information Communication Technology Policy and a Disaster Recovery Plan

During the year under review, the Hospital did not have in place, a risk management policy and did not perform formal risk assessments on all key financial risk areas such as revenue, expenditure and fraud review. Further, the Hospital did not have a disaster recovery plan and information communication technology policy in place to guide continuity of services in case of disruptions.

In the circumstances, existence of effective risk management strategies and internal controls in fraud prevention could not be confirmed.

2. Lack of an Approved Strategic Plan

Review of documents revealed that the Hospital had not established a strategic plan contrary to Regulation 30(2) of the Public Finance Management Regulation (County Governments) Regulations, 2015 which states that all budget proposals shall be supported by the county government entity strategic plan.

In the circumstances, the alignment of Hospital activities with its long-term goals and objectives could not be confirmed

3. Failure to Establish Internal Audit Unit and Audit Committee

During the year under review, Management had not established an audit committee and internal audit function for the Hospital. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entity's governance process, accountability process and control systems, offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, the existence of an effective internal control system could not be confirmed.

4. Non-Automation of Hospital Operations Processes

Review of Sigor Sub-County Hospital processes revealed that the Hospital had not automated its operations to cater for efficient and effective processing of crucial hospital data. Physical inspection of records storage revealed susceptibility to damage and loss. In addition, billing, drug receipt and issuance were manual with the use of manual receipts books and registers being prevalent.

In the circumstances, the operations of the Hospital may not be operating efficiently and records maybe susceptible to errors and omission.

5. Non-Compliance with Qualification Requirements for In-Charge Medical Practitioner Position

Review of the personnel files revealed that the medical practitioner who was serving as the In-Charge of the Facility did not possess the requisite qualifications as stipulated by the Health Act for such a position in a Level 4 Hospital. The In-Charge did not have a master's degree in a health-related field contrary to the First Schedule of the Health Act, 2017 on the technical classification of levels of healthcare delivery that requires that the In-charge of a Level 4 Hospital be a registered medical practitioner with a Master's Degree in a Health-related field.

In the circumstances, the effectiveness of governance systems in place 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Hospital Board of Management

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Hospital's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2024

*Sigor Sub- County Referral Level 4 Hospital (West Pokot County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022*

XIII Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	2,348,277
In- kind contributions from the County Government	7	75,815,518
Total revenue		78,163,795
Expenses		
Medical/Clinical costs	8	11,748,000
Employee Costs	9	64,815,518
Board of Management Expenses	10	310,000
Repairs and maintenance	11	209,000
General expenses	12	198,448
Total expenses		(77,280,966)
Other gains/(losses)		
Gain on disposal of non-Current assets		-
Medical services contracts Gains/Losses		-
Impairment loss		-
Total other gains/(losses)		-
Net Surplus for the year		882,829
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling entity		-
Net Surplus for the year		882,829

The notes set out on pages 8 to 28 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 17/5/24 and signed on its behalf by:

.....
Chairman

Board of Management

.....
Head of Finance

ICPAK No: 27397

.....
Medical Superintendent

XIV Statement of Financial Position as at 30th June 2022

Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents	13	83,849
Receivables from non exchange transactions	14	244,800
Receivables from exchange transactions	15	561,420
Total Current Assets		890,069
Total assets		890,069
Liabilities		
Current liabilities		
Total Current Liabilities		-
Non-current liabilities		-
		-
Total Non-current liabilities		-
Total Liabilities		-
Net assets		890,069
Balance brought Forward		7,240
Revaluation reserve		-
Accumulated surplus/Deficit		882,829
Capital Fund		-
Total Net Assets and Liabilities		890,069

The notes set out on pages 8 to 28 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 17/5/2024 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 27397

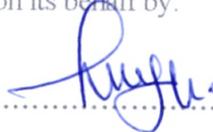
.....
Medical Superintendent

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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	882,829	-	882,829
Capital/Development grants	-	-	-	-
Net assets as at June 30, 2022	-	882,829	-	882,829

The notes set out on pages 8 to 28 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 17/5/2024 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 27397



Medical Superintendent

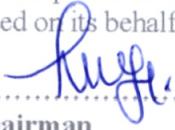
XVI Statement of Cash Flows for The Year Ended 30 June 2022

Description	2021/22	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	6	2,348,277
In- kind contributions from the County Government	7	75,815,518
Total Receipts		78,163,795
Payments		
Medical/Clinical costs	8	11,748,000
Employee costs	9	64,815,518
Board of Management Expenses	10	310,000
Repairs and maintenance	11	209,000
General expenses	12	198,448
Total Payments		(77,280,966)
Working capital		
Increase in Receivables		(806,220)
Net cash flows from operating activities	16	76,609
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		-
Proceeds from the sale of property, plant, and equipment		-
Acquisition of investments		-
Net cash flows used in investing activities		-
Cash flows from financing activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		76,609

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Annual Report and Financial Statements for The Year Ended 30th June 2022

Cash and cash equivalents at 1 July 2021	13	7,240
Cash and cash equivalents at 30 June 2022	13	83,849

The notes set out on pages 6 to 28 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 17/5/2022 and signed on its behalf by:



Chairman
Board of
Management



Head of Finance
 ICPAK No: 27397



Medical Superintendent

*Sigor Sub-County Level 4 Hospital (West Pokot County Government)
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XVII Statement of Comparison of Budget and Actual Amounts for The Year Ended 30 June 2022

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%					
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs					
Transfers from the County Government	3,520,000	-	3,520,000	2,348,277	1,171,723	67%					
In-kind contributions from the County Government	75,815,518	-	75,815,518	75,815,518	-	100%					
Total income	79,335,518	-	79,335,518	78,163,795	1,171,723						
Expenses	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs					
Medical/Clinical costs	12,200,000	-	12,200,000	11,748,000	452,000	96%					
Employee Costs	64,815,518	-	64,815,518	64,815,518	-	100%					
Remuneration of directors	340,000	-	340,000	310,000	30,000	91%					
Repairs and maintenance	1,300,000	-	1,300,000	209,000	1,091,000	16%					
General expenses	680,000	-	680,000	198,448	481,552	29%					
Total expenses	79,335,518	-	79,335,518	77,280,966	2,054,552	97%					
Surplus/deficit for the year	-	-	-	882,829							

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The percentage on utilization on the transfers from the county was below 90% because the target on collection was not met during the period
The notes set out on pages 8 to 28 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on

17/5/2022



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: 27397



.....
Medical Superintendent

XVIII Notes to the Financial Statements

1. General Information

Sigor Sub-County Referral Hospital entity is established by and derives its authority and accountability from West Pokot County Facility Improvement Fund (FIF) Act enacted on 10th June 2019. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of quality health services.

2. Statement Of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

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

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

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Annual Report and Financial Statements for The Year Ended 30th June 2022*

	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>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"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</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</p>

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

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 12th April 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the entity. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

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

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.

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular,

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

r) Cash and cash equivalents.

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity

based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

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

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

Notes to the Financial Statements

6. (a) Transfers from the County Government

Description	2021/22
	KShs
Unconditional grants	
Level 4 grants	2,348,277
Total government grants and subsidies	2,348,277

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	Total
					2020/21
			KShs	KShs	KShs
West Pokot County Government	2,348,277	-	-	-	-
Total	2,348,277	-	-	-	-

7. In Kind Contributions from The County Government

Description	2021/22
	KShs
Salaries and wages- Casuals	2,640,000
Salaries and wages- P&P and Contracted staff	62,175,518
Pharmaceutical and Non-Pharmaceutical Supplies	11,000,000
Medical supplies-Drawings Rights (KEMSA)	-
Total Grants in kind	75,815,518

8. Medical/ Clinical Costs

Description	2021/22
	KShs
Dental costs/ materials	-
Laboratory chemicals and reagents	92,000
Dressing and Non-Pharmaceuticals	11,443,000
Pharmaceutical supplies	213,000
Total medical/ clinical costs	11,748,000

9. Employee Costs

Description	2021/22
	KShs
Wages for Casuals	2,640,000
Salaries and Allowances for P&P and contracted	62,175,518
Employee costs	64,815,518

10. Board of Management Expenses

Description	2021/22
	KShs
Sitting allowance	310,000
Total	310,000

11. Repairs and Maintenance

Description	2021/22
	KShs
Property- Property and Machinery	110,000
Motor vehicle expenses	-
Maintenance of civil works	99,000
Total repairs and maintenance	209,000

12. General Expenses

Description	2021/22
	KShs
Catering expenses	30,000
General office supplies	65,000
Bank charges	3,448
Daily Subsistence allowance	100,000
Total General Expenses	198,448

13. (a) Cash and Cash Equivalents

Description	2021/22
	KShs
Current accounts	83,849
Total cash and cash equivalents	83,849

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

Description		2021/22
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	1267071141	131
Kenya Commercial bank-nhif	1197892931	85,036
Kenya commercial bank-Free maternity	1163287237	(1,318)
Total		83,849

14. Receivables from Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	244,800
Total	244,800

15. Receivables from Exchange Transactions

Description	2021/22
	KShs
NHIF Capitation	12,560
Other exchange debtors-Linda mama	548,860
Less: impairment allowance	-
Total receivables	561,420

16. Cash Generated from Operations

	2021/22
	KShs
Surplus for the year before tax	882,829
Adjusted for:	
Working Capital adjustments	
Increase in receivables	(806,220)
Net cash flow from operating activities	76,609

Notes to the Financial Statements

15 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:

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

The 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

Notes to the Financial Statements

the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(iii) Market risk

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

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

a) Foreign currency risk

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

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

Management of interest rate risk

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

Sensitivity analysis

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

16 Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Ministry;
- iii) Key management;
- iv) Board of directors;

XIX Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

This is the first period the entity is preparing its financial statements

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.

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Accounting Officer

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

Appendix II- TRAIL BALANCE

SIGOR SUB COUNTY LEVEL 4 HOSPITAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022 AS AT 30/06/2022		
TRIAL BALANCE		
Description	DR	CR
Revenue from non-exchange transactions		
Transfers from the County Government		2,348,277
In- kind contributions from the County Government		75,815,518
Grants from donors and development partners		
Total revenue		78,163,795
Expenses		
Medical/Clinical costs	11,748,000	
Employee costs	64,815,518	
Board of Management Expenses	310,000	
Repairs and maintenance	209,000	
General expenses	198,448	
CASH AND BANK BALANCES		
Kenya Commercial bank	131	
Kenya Commercial bank-NHIF	85,036	
Kenya commercial bank-Free maternity	(1,318)	
ACCOUNTS RECEIVABLES		
Receivables from non-exchange transactions	244,800	
Receivables from non-exchange transactions	561,420	
Fund balance b/fwrđ 2020/2021		7,240
TOTAL	78,171,035	78,171,035

APPENDIX III: Inter-Entity Confirmation Letter

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*Sigor Sub-County Hospital
P.O. Box 63-30600
Kapenguria*

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

Confirmation of amounts received by by Sigor Sub-County Hospitalas at 30 th June 2022							
Referen ce Number	Date Disburse d	Amounts Disbursed County treasury as at 30th June 2022				Amount Received by [beneficia ry entity] (KShs) as at 30 th June 2021 (E)	Differenc es (KShs) (F)=(D- E)
		Recurr ent (A)	Developme nt (B)	Inter- Ministeri al (C)	Total (D)=(A+B+ C)		
	3/11/2021	142,000	0	0	142,000	0	142,000
	14/12/2021	576,000	0	0	576,000	0	576,000
	31/03/2022	260,000	0	0	260,000	0	260,000
	2/06/2022	483,350	0	0	0	0	483,350
Total							1,461.350

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

Head of Accountants department of beneficiary entity:

Name JACKSON MERIAKOL Sign [Signature] Date

Appendix V- Certificate of Bank Balance

Results 1-1 of 1

1218 CA 61 BRANCHED
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

0842419910106

KCB NAIROBI
16 APR 2022

Certified that the balance at the CREDIT OF SIGOR SUB COUNTY HOSPITAL OPERATION A

A/C 1247071141

at the close of business on 30 JUN 2022 Was KES

ONE HUNDRED AND THIRTY ONE

KES 131.00

Examined by

KCB BANK KENYA LTD.
MANAGER, OPERATIONS & COMPLIANCE
Manager Service Quality & Compliance Branch Manager

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

Results 1 - 1 of 1

1216 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CENR2410900100

KCB KAPENGEIRUA 18 APR 2022

Certified that the balance at the DEBIT OF SIGOR HOSP FREE MATERNITY FEE FUNDS

A/C 1163287337

at the close of business on 30 JUN 2022 Was KES

ONE THOUSAND THREE HUNDRED AND SEVENTEEN CENTS NINETY FIVE

KES -1,317.95

Examined by

Manager Service Quality & Compliance Branch Manager

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

Results I - 1 of 1

1218 CA 43 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT410990102

KCB KAPENGURIA 16 APR 2024
.....

Certified that the balance at the CREDIT OF M.P.C-SIGOR SUB-COUNTY HOSP WHIF
.....

A/C 1197892831
.....

at the close of business on 30 JUN 2022 Was KES
.....

EIGHTY FIVE THOUSAND AND THIRTY SIX
.....

KES 85,036.00
.....

Examined by

FOR KCB BANK KENYA LTD.

MANAGER, SERVICE QUALITY & COMPLIANCE

Manager Service Quality & Compliance Branch Manager