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*Enhancing Accountability*

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**THE AUDITOR-GENERAL**

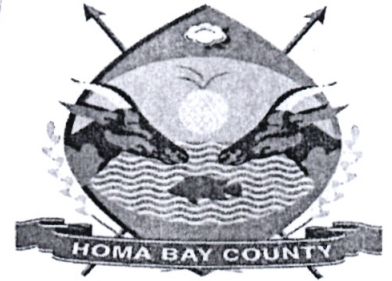
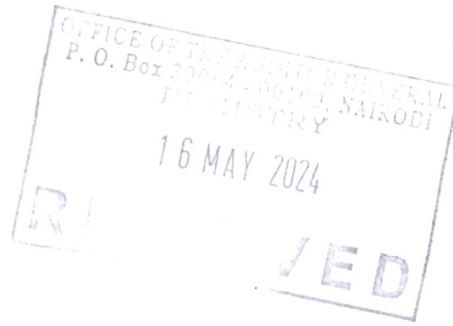
**ON**

**SUBA SUB-COUNTY HOSPITAL**

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

**COUNTY GOVERNMENT OF HOMA BAY**





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## **SUBA SUB-COUNTY HOSPITAL (Homabay County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



*Suba South Sub-County Hospital  
Homabay County Government  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2023*

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**1. Acronyms & Glossary of Terms**

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



## **2. Key Entity Information and Management**

### **(a) Background information**

SUBA SUB-COUNTY HOSPITAL is a level 4 hospital established under gazette notice No 786 4<sup>th</sup> February 2020 and is domiciled in Homabay County. The hospital is governed by a Hospital Management Committee

### **(b) Principal Activities**

The principal activity/mission/ mandate of the *hospital* is to provide efficient and effective health care services to Suba community and any other client within and without Homabay county.

### **(c) Key management**

Suba Sub County Hospital Management Is Under The Following Key Organs

- County Department Of Health
- Board Of Management
- Accounting Officer/Medical Superintendent
- Health Administrative Officer
- Hospital Accountant
- Nursing Officer In Charge

### **(d) Fiduciary management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Brian Akuom
2.	Head Of Finance	Mr. Sylus Onyango Ouma
3.	Health Administrative Officer	Mr. Jeremiah Otieno Okinyi
4.	Nursing Officer In Charge	Mr. Peter Odipo
5.		

### **(e) Entity headquarters**

P.O. Box 25-30308  
Isolated Land  
SINDO Town

### **(f) Entity Contacts**

Telephone: (+254) 729395433  
E-mail: subadhmt@gmail.com

### **(g) Entity Bankers**

Kenya Commercial Bank  
Mbita Branch  
P.O. Box  
Mbita, Kenya  
Account Number: 1163886289

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambe Avenue  
P.O Box 40122  
City Square 00200  
Nairobi, Kenya

**(j) County attorney**





Office Of the County Attorney  
P.O Box 469-40300,  
Homabay County, Kenya



**3. The Board of Management**

<b>NO.</b>	<b>NAME</b>	<b>QUALIFICATION</b>
1.	<b>Eng.-Henry Nduga</b>	<b>-Board Chair BSC/MSC(Civil Engineering)</b>
2.	<b>Dr. Brian Akuom</b>	<ul style="list-style-type: none"> <li>- Secretary to the Management Committee</li> <li>- M.B.Ch. B (UoN) 2009</li> <li>- Senior Position: Medical Superintendent</li> <li>- Management Course(SMC) at K.S.G School</li> <li>- Over 10 years' experience.</li> </ul>
3.	<b>Caroline Alango</b>	<b>MA. Sosial Development and Management, B.ED,DIP Development and Management</b>
4.	<b>Casper Ochieng Asiyo</b>	
5	<b>Janet Mboya</b>	<b>Dip Business Management</b>
6	<b>Clement Oloo Magolo</b>	<b>Form 4 Cert</b>
7	<b>Clement Masanga Atonga</b>	<b>PI Certificate</b>

**4. Key Management Team**

Name	Details of qualifications and experience
<p>1. Dr. Brian Akuom</p> 	<ul style="list-style-type: none"> <li>- Secretary to the Management Committee</li> <li>- M.B.Ch. B (UoN) 2009</li> <li>- Senior Position: Medical Superintendent</li> <li>- Management Course(SMC) at K.S.G School</li> <li>- Over 10 years' experience.</li> </ul>
<p>2. Mr. Peter Odipo</p> 	<ul style="list-style-type: none"> <li>- Position: Nursing Officer In charge</li> <li>- Chief Registered Nurse from KMTTC.</li> <li>- Diploma In Nursing</li> <li>- Over 30 years' Experience</li> </ul>
<p>3. Mr Sylus Onyango Ouma</p> 	<ul style="list-style-type: none"> <li>- Position: Senior Accountant</li> <li>- Master of Science in Finance from (Maseno University)</li> <li>- Certified Public Accountants (CPA 4) on going</li> <li>- Bachelors of Business Administration (Accounting Option) from Maseno University.</li> <li>- Certified Public Secretary (CPS) 4 on going</li> <li>- Diploma human Resource Management(Kisumu Poly)</li> <li>- Advance Diploma in Tax Administration (Kenya School of Revenue Administration).</li> <li>- Over 10 years of working experience.</li> <li>- On-going Phd in Finance</li> </ul>
<p>4. Mr Jeremiah Otieno Okinyi</p> 	<ul style="list-style-type: none"> <li>- Position: Hospital Administrator</li> <li>- Masters in Business Administration from Maseno University.</li> <li>- Holds Bachelor Degree in Education from Maseno University</li> <li>- Over 6 years of Public Service</li> </ul>

## 5. Chairman's Statement

It's my pleasure to present the Annual Report and financial statements of Suba Sub County Hospital. Once again, the Hospital has demonstrated its commitment to centralized specialized health care services to all Kenyans citizens in the region that spans to counties in south Nyanza and western Kenya.

Management and operations of the hospital is guided by the existing legal policies and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the hospital. The hospitals operations are also influenced by various global, regional and national strategies aimed at promoting, restoring and maintaining the health care service delivery.

In terms of corporate governance, the board of management carried out its mandate diligently and with focus to steer Suba Hospital to achieve its mission. The Board of management consists the right balance of skills, experience and backgrounds to support and challenge the management team.

On behalf of the Board of management, I would like to extend my appreciation to all our stakeholders and development partners for the continued support that has enabled Suba Sub County Hospital realize its mandate. I would also like to thank Suba Sub County Hospital management and staff for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Medical Superintendent, for creating synergy and leading the management team and all staff to greater achievement.

Signed: \_\_\_\_\_



**Eng. Henry Nduga**



## 6. Report of the Medical Superintendent

The performance review for financial year 2022/2023 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely and cost effective and patient-centred specialised healthcare services. Suba Sub-County Hospital maintained steady growth throughout the year attributed to increased activity levels with a majority of the areas exceeding the targeted performance.

Suba Sub-County Hospital has a robust financial management system that is based on the existing government financial management rules and regulations, Public Finance Management (PFM) act 2012, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standard (IFRS).

This report highlights some of the most significant achievements in Suba Hospital during the fiscal year with milestones such as:

- a) **Availability of Health Commodities for healthcare services:** This has been achieved by ensuring constant Procurement of drugs, Non-pharmaceuticals, Lab Reagents, Sanitary items balanced patient Ration to the patients seeking healthcare services in the hospital.
- b) **Promoted healthy behaviours:** The department has launched several initiatives to promote healthy behaviours in the community, including a campaign to discouraging gender based Violence, VCT Services, effects of alcohol addiction, regular exercise and healthy eating, and providing friendly environment for youth friendly and MAPS service uptake areas within the hospital to encourage them to come to the facility for uptake of the services, to achieve this goal, the hospital has constantly engaged CHVs for mobilization and community dialog and encouraging community to enrol on NHIF.
- c) **Improved maternal and child health:** This is achieved by encouraging mothers through CHVs to take advantage of LINDA MAMA, increase attendance of MCH services and increase of immunization rate. And also renovating maternity ward and paediatric ward.
- d) **Strengthened partnerships:** The Hospital has fostered strong partnerships with partners, and local organization to improve health outcomes and reduce health disparities especially in the area of malaria, HIV and TB control and treatment. and this was achieved b VICTORIA FISH FARM building pit latrine for the hospital and weekly supply of fish to feed patients

### **Challenges and Mitigation Measures:**

- a) Low uptake of health services due to poor health seeking behaviour in community; 1
- b) Low uptake of NHIF/insurance in the catchment
- c) Investment towards curative and rehabilitative services at the expense of preventive and primitive services.
- d) Low uptake of ICT (telemedicine) in the Facility coupled with inadequate documentation tools
- e) Lack of infrastructure and personnel like nurses, medical doctors and lab technologists which affect services deliveries.

### **Mitigation Measures:**

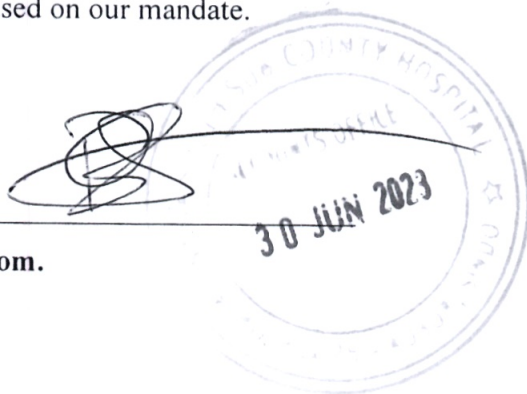
To address these challenges, this budget has outlined the following:

- a) Community outreaches and sensitization on the availability of telemedicine services for children in the facility, this is to be done by CHVs and the facility to facilitate
- b) Encouraged use of home-based care services.
- c) Strengthening of community-based care services especially in schools, churches, or community centres; adoption of integrated care models for patients who have chronic conditions or require on-going rehabilitation; ensuring on-going patient education and empowerment.
- d) Employing technical staff on contract/locum basis to address acute shortage of nurses and lab technologies.

I take this opportunity to acknowledge the support of The Homabay County Government, and Development partners. Many thanks to the chairman and Members of the Board for their strategic guidance and support. I wish to also register my appreciation to all stakeholders including our suppliers for supplying goods and services required for patient care and the entire staff for their commitment to providing excellent services to our clients and having played different roles and keeping us focused on our mandate.

Signed: \_\_\_\_\_

**Dr. Brian Akuom.**





## **7. Statement of Performance against Predetermined Objectives**

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

### **Key Objectives**

The overall objective is improved clinical outcomes, satisfied clients, learning, growth and development. This will be achieved only if the Hospital is able to: -

- 1) Enhance access to quality services commensurate with the level and expectations of the coverage population by; -
  - (a) Improving essential and emergency medical services, medical laboratory and imaging diagnostic services including specialist pathology services,
  - (b) Expanding and ensuring equitable access by all clients by anticipating and planning for the marginalized ('ignored'), indigent and vulnerable
    - Advocating for registration with the NHIF
    - Providing fee exemptions and improving the waiver system
    - Providing outreach services
    - Providing cohort friendly service packages e.g. for the Adolescents, Youth, Elderly, Men, Commercial Sex Workers etc.
- 2) Improve human resource capacity (adequacy), effectiveness (knowledge and skills), motivation and satisfaction.
  - a) Human Resource is indispensable in the provision of Healthcare Services
  - b) There's need to investment in identification for recruitment and training to match staff establishment requirements and skills' mix with current and projected coverage population needs
- 3) Improve financial resources collection, mobilization, risk management and accountability
  - a) The hospital must exploit its full potential with regards to insured clients in the coverage population including but not limited to the NHIF comprehensive Scheme, the NHIF EduAfya, the NHIF Universal Coverage
  - b) The hospital must assess and mitigate the risk of revenue loss through willful negligence, laxity, corrupt practices and theft.
  - c) The Hospital must strengthen existing systems that enhance access without inherent revenue reduction e.g. subsidized services and commodities, waiver system.
  - d) The hospital must make every effort to aggressively market its strengths and exploit its opportunities
- 4) Improve consumables (pharmaceuticals, non-pharmaceuticals, supplies and other materials) availability and security



- a) The critical and indispensable role health commodities play in the outcomes of health processes MUST always be recognized and prioritized for investment and resource allocation.
  - b) While it is accurate to consider healthcare a service industry, it is unreasonable to expect any positive results or outcomes without the input of requisite appropriate, affordable and quality health commodities
  - c) It will be necessary to forecast the required quantities of all essential health commodities relevant to the needs of the Hospital's coverage population
  - d) There's need to provide adequate and appropriate space for the storage and security of the commodities
  - e) There's need to supplement the supplies procured by the County Government by establishing own source revenue.
  - f) The authority of hospital managers should be increased and hospital tender committees created and empowered to enable us to purchase goods more efficiently and responsively.
  - g) Spending bands should be widened, and modern systems and managerial skills developed to increase the hospital procurement capacity.
  - h) If the hospital has the capacity and is in a position to comply with the requisite financial regulations we will in time, be able to decide whether to procure on our own, through government and other agencies
- 5) Improve infrastructural development and equipment and medical devices availability, maintenance and security
- a) This relates to the built environment, in-patient beds, furniture, equipment and machines, transport and technology (ICT) required for effective delivery of health services.
  - b) It is a fundamental pillar in the improvement of client experience and outcomes
  - c) Infrastructure must be designed, chosen, placed and maintained to ensure, Client safety, Efficiency and effectiveness, Sustainability and Equity and Accessibility.
  - d) There's need to ensure all critical and capital-intensive equipment are under service contracts and that preventive and / or routine maintenance of the same is the rule and is carried out as indicated in a plan.
  - e) As much as possible, mutually beneficial comprehensive placement agreements will be encouraged to broaden the range of service availability, to reduce client inconvenience and to facilitate better service delivery and outcomes
- 6) Improve on health and financial information systems automation, integration, transparency and application. Improve care through technology.
- a) A health information system (HIS) is a system that integrates data collection, processing, reporting, and use of the information necessary for improving health service effectiveness and efficiency through better management at all levels of health services.
  - b) It is a way of collecting, storing, managing and transmitting (reporting) data including, Clients' electronic medical records (EMR), Hospital's operational (HR < Finance, Procurement) management

- c) When functioning well, the HIS facilitates planning, monitoring, and the overall quality assurance and improvement
- 7) Foster a visionary governance and competent committed leadership
  - a) Good governance and effective leadership are considered core components of a resilient health system
  - b) Good governance ensures evidence-based policy making resulting in Efficient and effective service provision and management systems, Transparency with checks and balances and Accountability
  - c) There's need to promote and lobby for leadership with demonstrable willingness to take ownership and stewardship of the hospital and to continually do what is best for the same.
- 8) Foster and expand partnerships, collaboration and social responsibility, The overriding goal is to achieve better outcomes through either one or a combination of, raising awareness about unmet needs, Provision of resources (Finances, HR, Consumables, Equipment, Plant and Machinery, Provision of joint platforms for coordination, monitoring and evaluation, Tapping into each other's unique but complementary expertise, Research and learning
- 9) Foster learning, change and improvement culture in the Hospital through improved stakeholder participation and feedback management, research and innovation.
  - a) Strengthen and expand partnership and collaboration with training institutions including but not limited to the Kenya Medical Training College, Medical training universities and colleges, AMREF International University and the Kenya School of Government.
  - b) Strengthen and expand partnership and collaboration with research institutions including the Kenya Medical Research Institute and other institutions of higher learning
  - c) Institutionalize and strengthen continuous professional development
  - d) Institutionalize and invest in operational research initiatives
  - e) Facilitate continuous client feedback management

Three strategic themes were identified each with a strategic result whose successful execution will enable the Hospital achieve its mission and vision. These are:

<b>Programs</b>	<b>Strategic objectives</b>
Administrative Support Services	To provide service delivery and coordination of department-wide functions, Programs and activities
Preventive and Promotive health services	To minimize exposure to health risk and reverse the burden of communicable diseases
Curative and rehabilitative services	To provide essential medical services.



## **8. Corporate Governance Statement**

The Suba Sub- County Board of management have responsibilities, Functions, structures and ethical conduct. in addition to this, their major priority is ensuring excellent service delivery to patients.

### **Role of the Board**

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board. The board through its committees provide strategic direction while the Medical Superintendent assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

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

### **Clinical performance**

During the financial year ending 30<sup>th</sup> June 2023, Suba sub-County Hospital continued to offer specialized medical care by attending to over 100,000 patients. Outpatient clients being 45,628, inpatient client 10,035, deliveries 1632 and Maternal child health (MCH) 6239.

### **Reproductive Health**

A total of 871 deliveries were conducted during the year under review. This is attributed mainly to increased referrals from sub counties and nearby counties, in need of specialized maternity services and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver at Suba sub-County Hospital without having to personally incur any cost. Suba sub-County Hospital lauds HE. Excellency the President for the transformation of lives through the success of this noble scheme.

## **10. Environmental and Sustainability Reporting**

Suba County Hospital exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

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

AS a county teaching and referral hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure that success and longevity of the business. We are committed to being transparent, candid, and open about our operations.

At Suba County Hospital we have a pragmatic approach to sustainability; we focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits to all our stakeholders.

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we



recognize that we must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

**ii) Environmental performance**

In our offices and clinical areas, we continue encouraging employees to help reduce energy consumption by switching of their computers and lights at the end of the day.

As part of adopting energy efficient technology, we have a microwave incinerator that helps with waste management.

In packaging of medicine, we use environmentally friendly bags. In medical waste we are using bags which are clearly marked for clinical waste, bottles, leftover food, staffs are also provided with personal protective equipment

**iii) Employee welfare**

Suba Sub-County Hospital staff are employed and remunerated by the Homabay County Government. With recruitment policy of at least a third is not of more than one gender.

**Policy guiding hiring process**

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which are forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

**Efforts made in improving skills and managing careers**

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression.

Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department.

Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement.

Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

#### **Appraisal and reward system**

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems are also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans includes the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description.

The appraisals period covers one (1) year starting 1<sup>st</sup> July to 30<sup>th</sup> June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

### **Reward System**

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

### **Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)**

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, firefighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Fire fighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

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

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

Suba County has suppliers that supply goods and services. We manage contracts and engage multiple service providers for our operations. Our own reputation as service providers is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practices and adhere to our contract agreement for all services and goods offered.

#### **v) Corporate Social Responsibility Statement**

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, Suba County Hospital conducts clinical outreaches in the community within its catchment area. It offers cancer/TB screening and Eye Camp.



## **11. Report of the Board of Management**

The Board of Management submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Hospital's affairs.

### **a) Principal activities**

The principal activities of the Hospital are:

- i. Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the Hospital.
- ii. Support capacity building in the management of the Hospital
- iii. To give decision making autonomy to the Hospital management committees, to plan and manage the resources within their control
- iv. To improve the quality of health care services in the Hospital


### **b) Results**

The results of the Hospital for the year ended June 30, 2023, are set out on page 1

### **c) Auditors**

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

By Order of the Board

  
\_\_\_\_\_  
Dr. Brian Akuom  
Secretary to the Board

Date \_\_\_\_\_



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

Section 81 of the Public Finance Management Act, 2012 and Section 19 of the Homabay County Finance Bill 2021 require the Board of Suba Sub-County Hospital to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital as at 30 June 2023 and the operating results of the Hospital for the year then ended. The Directors are also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The Board are also responsible for safeguarding the assets of the Hospital.


The Board are responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on 30 June, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Hospital; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

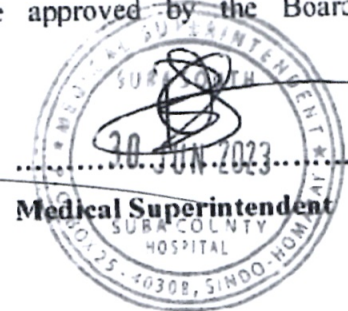
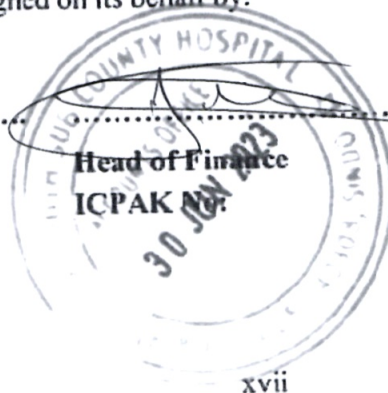
The Board accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Homabay County Finance Bill, 2012. The Directors are of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended 30 June, 2023, and of the Hospital's financial position as at that date.

The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board to indicate that the Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The *Suba Sub-County Hospital* financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

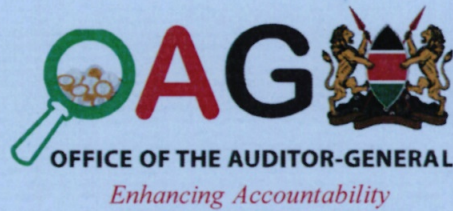
  
.....  
Chairman  
Board of Management





# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SUBA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF HOMA BAY**

### **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 the 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, risk management environment and 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 Suba Sub-County Hospital - County Government of Homa Bay set out on pages 2 to 21, which comprise of the

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*Report of the Auditor-General on Suba Sub-County Hospital for the year ended 30 June, 2023 - County Government of Homa Bay*



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Suba Sub-County Hospital - County Government of Homa Bay as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012 and Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Financial Performance**

Review of the financial statements presented for audit revealed the following errors: -

- i. The statement of financial performance reflects various expenditure items balances which differs with ledger amounts as detailed below:

<b>Item</b>	<b>Balance Per Financial Statements (Kshs)</b>	<b>Ledger Balance (Kshs)</b>	<b>Variance (Kshs)</b>
Refined Fuel and Lubricants	600,000	1,950,000	1,350,000
Contracted Guards	719,000	600,000	119,000
Accommodation-Domestic Travel	209,900	928,900	719,900
Rendering of Services	3,231,865	0	3,231,865

- ii. **Misclassification of Item Heads**

<b>Description</b>	<b>Wrong Account Charged</b>	<b>Correct Account</b>
Purchase of Medical records Kshs.1,950,000	General Expenses	Medical/Clinical Costs

- iii. The statement of financial performance reflects a balance of Kshs.36,707,819 and Kshs.34,209,095 under total receipts and expenditure respectively which differs with the statement of comparison of budget and actual amount balances of Ksh.36,105,453 and Kshs.33,168,836 resulting to unexplained variances of Kshs.602,366 and Kshs.1,040,259 respectively.

In the circumstances, the accuracy and completeness of the statement of financial performance could not be confirmed.



## **2. Doubtful Ownership of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.9,085,991 as disclosed in Note 20 to the financial statements. However, the ownership documents for land and motor vehicle were not provided for audit.

In the circumstances, the ownership of property, plant and equipment balance of Kshs.9,085,991 could not be confirmed.

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

### **Emphasis of Matter**

#### **Doubtful Sustainability of Services**

The statement of financial performance reflects other income balance of Kshs.31,973,150 and as disclosed in Note 9 to the financial statements which are the capitation claims, Linda Mama Program from the National Hospital Insurance Fund (NHIF) and accrued NHIF. NHIF reimburse the facility for in patient at a rate of Kshs.2,500 per day, normal deliver Kshs.5,000, Cesarean section Kshs.10,000, Linda mama rebates Kshs.2,500 per visit and outpatient of Kshs.300 per capitated patient per quarter.

The NHIF rebates to the Hospital of Kshs.26,973,150 (excluding accrued CRF Homa Bay) constitutes 73% of the total revenues generated which implies that the Hospital relies heavily on NHIF rebates for its continued operations and this casts doubts on the Sustainability of Services by the Hospital.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution and 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

Management of the Hospital submitted the financial statements for the financial year ended 30 June, 2023 on 12 February, 2024. The financial statements ought to have been submitted to the Auditor-General's Office by 30 September, 2023. This was four (4) months past the allowed time frame.

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

### 2. Identification, Collection and Accounting of Own Generated Revenue - Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.3,231,865 in relation to the rendering of services medical income as disclosed in Note 8 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

### 3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of ninety three staff requirements or 92% of the authorized establishment.

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	1	1	50
Kenya Registered Community Health Nurses	75	5	70	93
<b>Total</b>	<b>101</b>	<b>8</b>	<b>93</b>	<b>92</b>



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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Beds	150	76	74	49
Resuscitaire (2 in Labor & 1 in Theatre)	3	1	2	67
New Born Unit Incubators	5	1	4	80
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	1	1	50

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. Failure to Maintain Fixed Asset Register**

The statement of financial position reflects balances of Kshs.9,085,991 in respect to property, plant and equipment as disclosed in Note 20 to the financial statements. However, it was noted that the Hospital does not maintain fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 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. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.

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

#### **5. Irregular Engagement of Casual Workers**

The statement of financial performance reflects employee costs amount of Kshs.1,573,430 comprising casuals and contractual staff and as disclosed in Note 11 to the financial statements. It was noted that Management engaged casual workers for

more than three months. This was contrary to the County Public Service Human Resource Manual, May, 2013 Section B. 16(1) which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 Audit Committee and Internal Audit Unit**

Review of governance structure revealed the Hospital did not have audit committee or an internal audit function. This is contrary to Section 155(1) of the Public Finance Management Act, 2012.

In the absence of an active audit committee and internal audit unit the overall internal controls system and risk management and governance in the Hospital could not be confirmed.

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

During the year under review, the Hospital did not have a Risk or Disaster Management Policy in place contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that a County Government entity develops risk management strategies, which include fraud prevention mechanism; and that the County government entity develops a system of risk management and internal controls that build robust business operations.

In the circumstances, the effectiveness of risk management measures could not be confirmed.



### **3. Inventory Management**

#### **3.1 Expiry of Medical Supplies**

The statement of financial position reflects an inventories balance of Kshs.1,063,808 as disclosed in Note 17 to the financial statements. Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that 7,215 units of various drugs of undetermined value had expired.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical could not be confirmed.

#### **3.2 Stock-Outs of Essential Medical Supplies**

The statement of financial position reflects Kshs.1,063,808 inventories balance as disclosed in Note 17 to the financial statements. Physical verification of the pharmaceuticals/drug store during the month of May, 2024 revealed shortages of essential pharmaceuticals/drugs that are frequently prescribed to patients. Some drugs were out of stock, while others were insufficient and below the designated facility levels.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical inventory to achieve the Hospital mandate 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 Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

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

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

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




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

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

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

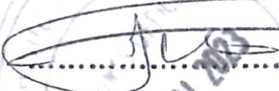
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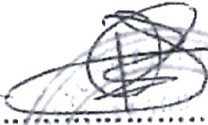


**14. Statement of Financial Performance for The Year Ended 30 June 2023.**

<b>Revenue from non-exchange transactions</b>			
In kind contributions from the County Government	6	298,072	
Grant from donors and development partners	7	602,366	1,661,760
		<b>900,438</b>	<b>1,661,760</b>
<b>Revenue from exchange transactions</b>			
Rendering of services-medical service income	8	3,231,865	1,814,318
Other Income(NHIF Insurance)	9	31,973,150	14,580,652
<b>Revenue from exchange transactions</b>			<b>16,394,970</b>
<b>Total revenue</b>		<b>36,707,819</b>	<b>18,056,730</b>
<b>Expenses</b>			
Medical/Clinical costs	10	18,996,898	8,784,761
Employee costs	11	1,573,430	1,507,700
Repairs and maintenance	12	4,449,930	2,109,800
General Expenses	13	8,148,578	4,221,129
Board of management expenses	14	232,500	329,000
Depreciation Expense	15	807,759	1,384,980
<b>Total expenses</b>		<b>34,209,095</b>	<b>18,337,368</b>
<b>Deficit/Surplus</b>		<b>2,498,724</b>	<b>(280,638)</b>

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

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


  
.....  
**Medical Superintendent**  
30 JUN 2023  
SUBA COUNTY HOSPITAL


15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	13,926	25,920
Inventories	17	1,063,808	373,671
Receivable from Exchange Transaction	18	6,704,400	1,104,000
<b>Total Current Assets</b>		<b>7,782,134</b>	<b>1,503,591</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	20	9,085,991	
<b>Total Assets</b>		<b>16,867,925</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other Payables	19	4,888,727	1,477,671
<b>Total current liabilities</b>		<b>4,888,727</b>	
<b>Net Assets</b>			
Accumulated Funds/Capital Fund		11,979,198	25,920
<b>Total Net Assets and Liabilities</b>		<b>16,867,925</b>	<b>1,503,591</b>



Chairman  
 Board of Management

  
 Head of Finance  
 ICPR No:

  
 Medical Superintendent  
 30 JUN 2023



**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023**

Particulars	2022	2023	2022	2023
<b>As at July 1, 2022</b>	-	-	<b>25,920</b>	<b>25,920</b>
Surplus	-	191,958	-	191,958
Capital	-	-	11,979,198	11,979,198
<b>At June 30, 2023</b>		<b>191,958</b>	<b>9,681,861</b>	<b>12,197,076</b>

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

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

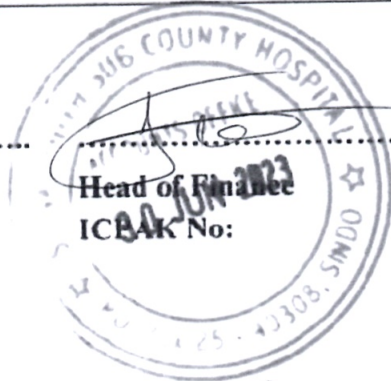
.....  
**Medical Superintendent**


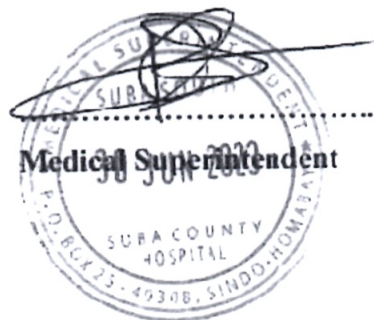
17. Statement Of Cash Flows for The Year Ended 30 June 2023

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services	8	3,231,865	1,814,318
Medical NHIF Claims	9b	25,268,750	13,102,981
<b>Total Receipts</b>		<b>28,500,615</b>	<b>14,917,299</b>
<b>Payments</b>			
Medical/Clinical costs	10b	17,746,971	6,371,250
Employee costs	11b	1,534,630	1,507,700
Repairs and maintenance	12b	1,866,930	2,109,800
General Expenses	13b	7,131,578	3,495,207
Board Of Management Expenses	14	232,500	329,000
<b>Total Payments</b>		<b>28,512,609</b>	<b>15,197,937</b>
<b>Net cash flows from operating activities</b>		<b>(11,994)</b>	<b>(280,639)</b>
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>		<b>(11,994)</b>	<b>(280,639)</b>
Cash and cash equivalents at 1 July 2022	16	25,920	306,558
<b>Cash and cash equivalents at 30 June 2023</b>	<b>16</b>	<b>13,926</b>	<b>25,920</b>



Chairman  
Board of Management

  
Head of Finance  
ICBAK No: 2023  


  
Medical Superintendent  
30 JUN 2023  




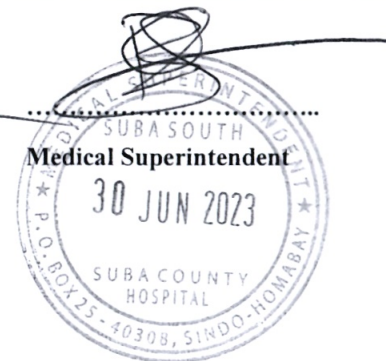


*Suba-Sub County Hospital Hospital (Homabay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022-2023 a	2022-2023 b	2022-2023 c=(a+b)	2022-2023 D	2022-2023 E=(c-d)	2022-2023 F=d/c%
Revenue	KShs	KShs	KShs	KShs	KShs	
In kind Contributions from the County Government	-	-	-	298,072	(298,072)	
Grants from donors and development partners	-	-	-	602,366	(602,366)	
Rendering of Services	3,500,000		3,500,000	3,231,865	268,135	92%
NHIF Receipt	32,000,000		32,000,000	31,973,150	1,713,250	95%
<b>Total income</b>	<b>35,500,000</b>	<b>-</b>	<b>35,500,000</b>	<b>36,105,453</b>	<b>1,999,385</b>	<b>99.6%</b>
<b>Expenses</b>			<b>-</b>			
Medical/Clinical Costs	18,900,000	-	18,900,000	18,996,898	(96,898)	101%
Employee Costs	1,600,000		1,600,000	1,573,430	26,570	98%
Repairs & Maintenance	5,000,000		5,000,000	4,449,930	550,070	89%
General Expenses	8,500,000		8,500,000	8,148,578	351,422	96%
<b>Total expenditure</b>	<b>34,000,000</b>	<b>-</b>	<b>34,000,000</b>	<b>33,168,836</b>	<b>831,164</b>	<b>98%</b>
<b>Surplus for the period</b>	<b>1,500,000</b>	<b>-</b>	<b>1,500,000</b>	<b>2,936,617</b>		

.....  
 Chairman  
 Board of Management





## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Suba Sub-County Hospital was established by the Kenya gazette notice No. 786 and derives its authority and accountability from Public Finance Management Act, 2012. The entity is wholly owned by the County Government of Homabay and is domiciled in Kenya.

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

The financial statements have been prepared on a historical cost basis. 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 Hospital's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital.

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

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

**3. Adoption of New and Revised Standards.**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 46: Measurement</b>	<b>Applicable: 1<sup>st</sup> January 2025:</b> The IPSASB approved IPSAS 46, <i>Measurement</i> , which brings measurement guidance together in a single standard, and introduces a public sector specific current value measurement basis for assets held for their operational capacity and provides additional generic guidance on fair value.
<b>IPSAS 47: Revenue</b>	<b>Applicable: 1<sup>st</sup> January 2026</b> The IPSASB approved IPSAS 47, <i>Revenue</i> , which is a single standard to account for revenue transactions in the public sector. IPSAS 47 replaces the existing three revenue standards, and presents accounting models which will improve financial reporting and support effective public sector financial management.
<b>IPSAS 48 Transfer Expenses</b>	<b>Applicable 1<sup>st</sup> January 2026</b> The IPSASB approved IPSAS 48, <i>Transfer Expenses</i> , which provides guidance on a major area of expenditure for governments and other public sector entities. IPSAS 48 fills a gap which had previously led to ambiguity and inconsistency of accounting policies in the public sector.
<b>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</b>	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

- ii. *Early adoption of standards*

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



**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**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.

**b) Budget information**

The original budget for FY 2022/2023 was approved by the sub county hospital board. There was subsequent revisions or additional appropriations were made to the approved budget.

**e) 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 and senior managers.

**f) 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.

**g) Comparative figures**

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

**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. State all judgements, estimates and assumptions made: e.g

**Estimates and assumptions**

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



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

**6. In kind Contributions from the County Government**

<b>Description</b>	<b>2022/23</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Medical Supplies-(KEMSA)	298,072	668,850
	<b>298,072</b>	<b>668,850</b>

**7. Grants From Donors and Development Partners**

<b>Description</b>	<b>2022/23</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Medical Drugs & medicine (MEDS)	602,366	992,910
<b>Total</b>	<b>602,366</b>	<b>992,910</b>

**8. Rendering of Services**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
Mortuary	906,500	530,000
Laboratory	758,440	436,900
Pharmacy	866,425	374,350
Outpatient	109,032	114,268
X-ray	113,500	88,200
Health Record	143,678	95,600
Maternity	39,500	57,100
Inpatient	228,490	44,550
Theatre	18,490	19,200
Inpatient	45,160	14,500
Transport		14,000
ENT & Other clinics		12,100
Physiotherapy		9,750
Optical	2,250	2,800

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MCH/FP	400	1,000
<b>Total</b>	<b>3,231,865</b>	<b>1,814,318</b>

**9. Other Income(Nhif Insurance)**

Description	2022/23	2021/22
	KShs	KShs
NHIF	25,268,750	5,414,592
ACCRUED NHIF	1,704,400	1,145,000
ACCRUED CRF ACCOUNT HOMA BAY	5,000,000	
	<b>31,973,150</b>	<b>14,580,652</b>

**9b.**

Description	2022/23	2021/22
	KShs	KShs
<b>Amount as per Statement of Financial Performance</b>	31,973,150	14,580,652
Less Accrued	6,704,400	1,477,671
Amount as Statement of Cash flow	<b>25,268,750</b>	<b>13,102,981</b>

**10. Medical/Clinical Costs**

Description	2022/23	2021/22
	KShs	KShs
Cleaning Materials	1,266,000	1,000,500
Dental Costs	153,900	600,000
Laboratory chemicals & reagents	2,763,245	1,307,000
X-ray	239,000	140,000
Physiotherapy	180,900	10,000
Non-pharmaceuticals	4,090,550	2,231,600
EYE		192,000
Medical Records	1,293,500	
Pharmaceutical supplies(Drugs)	4,963,526	2,551,910
Nutrition/Food Ration	2,796,350	



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Accrued Expenses	1,249,927	751,751
<b>Total</b>	<b>18,996,898</b>	<b>8,784,761</b>

**10b. Medical/Clinical Costs**

Description	2022/23	2021/22
	Kshs	KShs
<b>Amount as per Statement of Financial Performance</b>	18,996,898	8,784,761
Less In Kind Contributions		1,661,760
Less Accrued	1,249,927	751,751
Amount as Per Statement of Cash flow	<b>17,746,971</b>	<b>6,371,250</b>

**11. Employee Costs**

Description		2021/22
		KShs
Salaries & wages	1,326,930	996,000
Contributions to NHIF	82,500	78,000
NSSF	125,200	
Salaries and Wages Arrears		433,700
Arrears Statutory deduction	38,800	
<b>Total</b>	<b>1,573,430</b>	<b>1,507,700</b>

**11b**

Description	2022/23	2021/22
	Kshs	KShs
<b>Amount as per Statement of Financial Performance</b>	1,573,430	
Less Arrears	38,800	
Amount as Per Statement of Cash flow	<b>1,534,630</b>	<b>6,371,250</b>

**12.Repairs and Maintenance Costs**

Description		2021/22
		KShs
Property-Buildings	3,548,000	1,050,000
Medical equipment	456,630	399,800
Motor Vehicle repairs	445,300	660,000
<b>Total</b>	<b>4,449,930</b>	<b>2,109,800</b>

**12b**

Description	2022/23	2021/22
	KShs	KShs
<b>Amount as per Statement of Financial Performance</b>	4,449,930	2,109,800
Less Accrued	2,583,000	
Amount as Statement of Cash flow	<b>1,866,930</b>	<b>2,109,800</b>

**13. General Expenses**

Description	2022/23	2021/22
	Kshs	KShs
Electricity	750,000	750,000
Household	365,000	
Water and Sanitation	0.00	65,000
Telephone	202,000	101,695
Accommodation-Domestic Travel	209,900	100,000
Transfer to elephant	413,000	100,000
General Office Supplies	1,601,300	370,000
Purchase of medical records	1,950,000	210,000
Refined fuel & lubricants-for transport	600,000	1,224,000



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Contracted guards & cleaning services	719,000	300,000
Foreign travel & subsistence	0.00	270,000
Purchase of Computer & Other IT equipment	248,500	4,512
Bank Charges	72,878	
Accrued Expenses	1,017,000	725,920
<b>Total</b>	<b>8,148,578</b>	<b>4,550,127</b>

**13b. General Expenses**

Description	2022/23	2021/22
	Kshs	KShs
<b>Amount as per Statement of Financial Performance</b>	8,148,578	4,550,127
Less Accrued	1,017,000	751,751
<b>Amount as Statement of Cash flow</b>	<b>7,131,578</b>	<b>3,798,376</b>

**14. Board of Management Expenses**

Description	2022/2023	2021/22
	KShs	KShs
Board of management expenses	232,500	329,000
<b>Total</b>	<b>232,500</b>	<b>329,000</b>

**15. Depreciation and Amortization Expense**

Description	2022/2023
	Kshs
Property, plant and equipment	807,759
<b>Total depreciation and amortization</b>	<b>807,759</b>

**16. Cash and cash equivalents**

Description	2022/2023	2021/22
	Kshs	KShs
Current Account	13,926	25,320
Cash in Hand	0	600
<b>Total</b>	<b>13,926</b>	<b>25,920</b>

**16 (A). Detailed Analysis Of Cash And Cash Equivalents**

Description		2022/2023	2021/22
Suba Sub County Hospital	Account number	Kshs	KShs
a) Current Account			
Kenya Commercial Bank	1163886289	13,926	25,320
Sub total			
b) Others (specify)			
Cash in hand		0	600
<b>Sub total</b>		<b>0</b>	<b>600</b>
<b>Grand Total</b>		<b>13,926</b>	<b>25,920</b>

**17. Inventories**

Description	2022/2023	2021/22
	KShs	KShs
Pharmaceutical supplies	446,344	100,000
Food supplies	85,460	26,329
Lab Reagents	314,481	97,342
Non-pharmaceuticals	182,318	100,000
General Supplies	35,005	50,000
<b>Total</b>	<b>1,063,608</b>	<b>373,671</b>

**18. Receivables from Exchange Transactions**

Description		2021/22
		KShs
Current Receivables		



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Medical services receivables (NHIF)	1,704,400	1,104,000
Others- (CRF Homabay County)	5,000,000	
<b>Total</b>	<b>6,704,400</b>	<b>1,104,000</b>

**19. Trade Payables**

<b>Description</b>	<b>2022/2023</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>KShs</b>
Nssf	22,800	
Nhif	16,000	
Mediocare Pharmaceuticals	567,527	
Gelly Pharmacy	53,750	
Blueforce Security	50,000	
Loice Jonson bookseller	55,000	
Morab Laboratories	87,550	
Morab Laboratories	46,800	
Surecheck Laboratories	178,100	
Hyridge	84,000	
Precise	66,200	
KPLC	400,000	
Elephant Systems	512,000	
Mikotech	166,000	
Seen Workers Ltd	2,583,000	
<b>Total</b>	<b>4,888,727</b>	<b>1,477,671</b>

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**20. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 30 <sup>th</sup> Jun 20XX	3,000,000	2,500,000	1,500,000	743,750	150,000	2,000,000		9,893,750
				743,750				
At 1 July 2022	3,000,000	2,500,000	1,500,000	743750	150,000	2,000,000		9,893,750
Additions								
Disposals								
Transfer/adjustment								
<b>As at 30<sup>th</sup> June 2023</b>	3,000,000	2,500,000	1,500,000	743,750	150,000	2,000,000		9,893,750
Depreciation and impairment			421,875	106,250	30,596	249,038		807,759
Net Book Value								
As at 30 <sup>th</sup> June 2023	3,000,000	2,500,000	1,078,125	637,500	119,404	1,750,962		9,085,991

**NB:** The hospitals Property, Plant and Equipment had been valued by a committee appointed by the medical superintendent as was advised by the office of the auditor general, and did not involve a professional valuer on valuation of its assets. The hospital awaits the county government through ministry of public works to engage an expert. The figures therefore are not very accurate since they are yet to be valued by an expert.



**15. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the Hospital include those parties who have 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.

**County Government of Homabay**

The county Government of Homabay is the principal shareholder of the Hospital, holding 100% of the Hospital's net assets interest.

**Other related parties include:**

- i) The Parent Ministry Health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of directors

**16. Events after the Reporting Period**

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

**17. Ultimate and Holding Entity**

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

**18. Currency**

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