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REPORT

OF

THE AUDITOR-GENERAL

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COMMITTEE	—
CLERK AT THE TABLE	Abdirahman.

PAPERS LAID

MARIAKANI SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KILIFI



MARIAKANI SUBCOUNTY HOSPITAL
Level 4 HOSPITAL
(Kilifi County Government)

AMMENDED 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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1. Key Entity Information and Management

a) Background information

Mariakani Sub County Hospital (MSCH) is a level 4 hospital established under gazette notice number 3 dated, 27th January 1989 and is domiciled in Kilifi County under the Health Department. The hospital is governed by a Board of Management.

b) Principal Activities

i. VISION

The Vision of MSCH is to be an Excellent, Vibrant patient centered, quality care referral hospital for a healthy population.

ii. MISSION

The principal activity/ mission of the hospital is to provide high quality, dynamic, wellness oriented promotive, preventive, curative and rehabilitative healthcare services in an organized cost sensitive and customer oriented environment.

iii. CORE VALUE

1. Professionalism and integrity.
2. Customer focus.
3. Teamwork.
4. Improved corporate governance.
5. Innovative creativity.
6. Relevance and impact.
7. Equity and Equality.
8. Security and safety.

Key Management




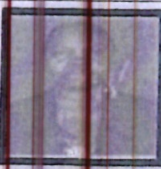

The *hospital's* management is under the following key organs:

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

1. 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	Dr. Kibwana Hassan
2.	Head of finance	CPA Brenda Kulola Wakio
3.	Fund Administrator	CPA Racheal Bahati
4.	Head of Administration	Ms. Josephine Kaleyke Kioko
5.	Head of Nursing services	Mrs. Rose Machu

No.	Name	Details of qualifications and experience
1.	 Dr. Kibwana Hassan	Dr. Kibwana Hassan is a Degree holder in medicine and Surgery with over 8 years' experience.
2.	 CPA Brenda Kulola Wakio	Mrs Brenda Wakio is an Accountant with more than 8 years' experience and holds a Degree in BCOM (Finance option) from Jomo Kenyatta University and is a Certified Public Accountant (CPA-K).
3.	 CPA Racheal Bahati	Mrs. Racheal is a Senior Accountant at County Government of Kilifi. She has eleven years' professional experience as an Accountant. She holds Bachelor of Commerce (Accounting) from The University of Nairobi and also a Certified Public Accountant (CPA). Racheal also holds MBA. from the University of Nairobi.
4.	 Mrs. Josephine Kaleyke Kioko	Mrs. Josphine kioko holds a degree in Business Administration from the University of Nairobi, a certificate in Health System, strengthening from KSG with 15 years' experience and a member of the KAHA Kenya Chapter.
5.	 Mrs. Rose Machu	Mrs. Rose Machu hold a Diploma in Nursing from KMTTC ,Mombasa Campus and a Bachelor of science in Nursing from Pwani University with over 10 years' experience.

2. Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i. The County Assembly

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

ii. The Controller of budget

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

iii. County executive committee






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



iv. Internal Auditor Department

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

- i. **Entity Headquarters**
Mombasa-Nairobi highway
P.O. Box 67
Mariakani, Kenya.
- ii. **Entity Contacts**
Telephone: (+254) 0798078912/07222780485
E-mail: mariakanihospital@yahoo.com
- iii. **Entity Bankers**
Cooperative Bank
Mariakani branch
P.O Box 435-80113
Mariakani.
- iv. **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- v. **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- vi. **County Attorney**
P.O. Box. 9
Kilifi, Kenya

3. Management Team

Ref	Management	Details
1.	 Dr. Kibwana Hassan Medical Superintendent	Dr. Kibwana Hassan is a Degree holder in medicine and Surgery with over 8 years' experience.
2.	 Josephine Kioko Kaleyke Hospital Administrator	Maddam Josephine Kioko Holds a Post graduate diploma in health strengthening systems
3.	 Rose Machu Nursing Officer Incharge	Mrs. Rose Machu hold a Diploma in Nursing from KMTC ,Mombasa Campus and a Bachelor of science in Nursing from Pwani University with over 10 years' experience.
4.	 CPA Brenda Kulola Wakio Hospital Accountant	Mrs Brenda Wakio is an Accountant with more than 8 years' experience and holds a Degree in BCOM (Finance option) from Jomo Kenyatta University and is a Certified Public Accountant (CPA-K).
5.	 Veronica Kilonzo	Veronica Kilonzo Holds a Bsc.health records and information Management

	Veronica Kilonzo Head HRIO	
6.	 Ramadhan Ahmed Laboratory in charge	Ramadhan Khamisi Holds aBsc in Medical Laboratory Sciences
7.	 Monday Kalugo Officer in charge HMU Department	Monday Kalugo Holds a Certificate in Medical Engineering.

4. Chairman's Statement

Mariakani Sub County Hospital is a level 4 Public health facility within Kilifi County. It serves patients from Kaloleni, Rabai sub counties well as some parts of Mombasa, Kwale and Taita Taveta Counties.

The Hospital Management Board began the with clear plans to sustain, improve and initiate different operations as indicated here below;

a) Provisions of quality healthcare services

The board endeavoured to sustain and expand existing services and initiate new ones.

During the year the hospital managed to open a new Modern Dental Unit, start an ophthalmology and skin and lung clinic. These services have gone a long way to meet the growing demand of health care services in the region.

b) Human Resource Management

Mariakani Sub County Hospital has grown Tremendously in the last five years due to improved service delivery. This has however caused challenges among the healthcare workers whose growth in number is not matched by the growth in workload. The board has therefore spearheaded engagement on contract of several healthcare workers under different cadres (I.e. Nurses, pharmacists, clinical officers and patients' attendants through the HSIF programs. This has slightly brought relieve to the workers in these department and also improved customer care relations due to reduction of waiting time.

c) Health care Financing and Resource Mobilization

Members of Hospital Management Board (HMB) have engaged in different operations to help boost the hospital Kitty for improved service delivery and growth.

Efforts were put to streamline the FIF collection process Installing an EMR system to bring some degree of efficiency.

Plans to hold and engage hospital stakeholders are underway and this is expected to realise more funding for future growth and development.

d) Leadership and governance

The Hospital Management Board(HMB) Engaged in formulation of several plans all aimed at guiding the team in its activities. Among items were;

- i. Annual Work plan 2021-2022FY
- ii. Strategic plan 2022-2027 FY
- iii. Master plan
- iv. Human Resource Training and development plan

e) Challenges being faced

In its effort to grow and develop the facility the HMB has encountered several Challenges

- i) Low FIF collection due to the high poverty levels in the catchment area.

- ii) Public- Private partnership; Most Private organisations situated within the catchment area are yet to embrace Public- Private Partnership Concept
- iii) Mariakani Sub County Hospital was initially constructed to offer healthcare services as a level 3 Facility. There is a great challenge of working space, thus causing congestions in certain operating areas I.e. OPD/Casualty

f) Future On look

Members of the HMB are optimistic and hopeful that current challenges will be met with time and the dream to make the hospital the centre of excellence realised.

In future, the team hopes to get into working networks with other minded organisations to help grow and develop this facility



Mr. Abdalla mohammed Abeid

Chairman

Hospital Management Board

30 June 2022.

5. Report of The Chief Executive Officer

Background Information

Mariakani Sub County Hospital (MSCH) is a level 4 public health facility that began in 1972 as a dispensary. The facility has developed to its status through the years. Currently the facility boasts of four (4) wards, two (2) operating theatre, and a wide of services, and at the OPD level.

During the year in focus (2021-2022), the hospital management prioritized to work on the below given pillars due to constrain in financing;

i. Provision of quality health care services

The hospital Management team prioritized this pillar and put systems in place to improve on the patient flow, reduce waiting time, minimise public complaints and increase on customer experience at the facility.

These efforts have realised an increase in the OPD service uptake significantly. Key challenges of the pillar remains the size of the OPD which has limited working space thus affecting the comfort of both the health care giver and the client.

Plans are underway to put up a more spacious modern Centre at the facility.

ii. Human Resource

The hospital has a total of 293 personnel that includes Medical Officers (8) and Consultants (8), nurses (64), RCOs (10), pharmacists (3), pharm techs (3), lab personnel (8) and 129 support staff.

Due to the continued demand of services, the hospital management team has been forced to engage on contract employees under the most desperate situations i.e. nurses, RCOs, pharm technicians, to curb malpractices and reduce errors in service delivery. All this has been done through the HSIF.

The HMT is in constant communication with the DOH Kilifi for support in providing more skilled personnel particularly in the following cadres: -

Radiographer, Occupational therapists, nurses and specialized personnel in family medicine, oncology, psychiatry, urology. These are categorized in relation to the morbidity cases in the region.

The HMT initiated internship services for clinical officers with the clinical officer's council which was successful and the hospital received the first batch of 18 intern in Jan 2022. They have been of great help in boosting the workforce.

Plans are underway to have the hospital become an internship centre for medical doctors which is also expected to boost the number of skilled personnel in the facility.

iii. Healthcare Financing and Resource Mobilization

The hospital has two main sources of revenue;

- Health Service Improvement Fund (HSIF)
- County Financing which is in terms of service and supplies.

During 2021- 2022 FY, the hospital performed relatively well by collecting Ksh. 57,780,731.09 against the target of Ksh. 79,198,178.00.

EXPENDITURE

The total expenditure amounted to Ksh. 70,430,122 which translated to 98% of the approved budget.

iv. Challenges facing the Hospital

MSCH is faced with several challenges including but not limited to shortage of skilled personnel, low revenue collection, due to poverty level and the effects of drought, lack of adequate working space, infrastructure challenges including lack of modern medical equipment's like CT- Scan, MRI (comprises most of the referrals out) etc.

Being a facility along the Nairobi- Mombasa highway, there's urgent need for HDU/ ICU services in order to offer services to RTA victims.

There's also a need for a mortuary.

Statement of Performance Against Predetermined Objectives

Mariakani Sub county hospital has eight strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

- Promote and expand Services.
- Healthcare Financing and Resource Mobilization.
- Enhance Human Resource capacity
- Improve Hospital Waste Management and disposal
- Enhance Leadership and Governance.
- Scale up Infrastructure and automation.
- Sustain constant Supply of pharmaceutical and no-pharmaceuticals.
- Security and Safety.

Mariakani sub county hospital develops its annual work plans based on the above eight pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its eight strategic pillars, as indicated in the diagram below:

Kishoo

DR. MATANO KIBWANA HASSAN
MEDICAL SUPERITENDENT

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Infrastructure and automation	<ul style="list-style-type: none"> Ensure quality of stored supplies. 	<ul style="list-style-type: none"> Improved storage facilities. 	<ul style="list-style-type: none"> Complete the drug/ pharmacy stores. Improve on the cooling system in the current pharmacy store. 	<ul style="list-style-type: none"> 85% complete
	<ul style="list-style-type: none"> Improve on patient flow 	<ul style="list-style-type: none"> EMR System installed and operational 	<ul style="list-style-type: none"> Install EMR System 	<ul style="list-style-type: none"> Hospital system gone paperless.
	<ul style="list-style-type: none"> Improve on rehabilitative Services 	<ul style="list-style-type: none"> Functional modern physiotherapy. Functional Radiology Department. 	<ul style="list-style-type: none"> Lobby for equipment from partners and the Department of health (DOH). Procure and install back-up system for X-Ray department. 	
		<ul style="list-style-type: none"> Functional Ophthalmology 	<ul style="list-style-type: none"> Source and install ophthalmic equipment 	
		<ul style="list-style-type: none"> Functional Plaster Department 		
2. Promote and expand Services.	<ul style="list-style-type: none"> To strengthens emergency Preparedness 	<ul style="list-style-type: none"> Emergency Preparedness committee minutes and attendance lists. 	<ul style="list-style-type: none"> Monthly meetings. Prepare Annual work plan. Hold quarterly review meetings. 	
	<ul style="list-style-type: none"> Expand and improve on the existing 	<ul style="list-style-type: none"> Improve on patient flow 		

	healthcare services	<p>system to avoid long waiting time.</p> <ul style="list-style-type: none"> • Ensure continuous supply of non-pharmaceuticals, pharmaceuticals and reagents. • Routine maintenance medical equipment's. • Maintain a disciplined, motivated workforce. • Maintain a vibrant referral system (incoming/outgoing) 		
3. Healthcare financing and resource mobilization.	<ul style="list-style-type: none"> • To ensure sustainability of service delivery. 	<ul style="list-style-type: none"> • Revenue collection report. 	<ul style="list-style-type: none"> • Ensure a continuous revenue collection service. • Partner with M-pesa and KCB in collecting revenue. • Lobby school heads to choose the facility for Edu-Health. • Install EMR System to increase efficiency • Ensure timely processing of the NHIF/ Linda Mama claims. • Install Internet. • Procure more computers and laptops. 	

			<ul style="list-style-type: none"> • Hold stakeholders meetings. 	
		<ul style="list-style-type: none"> • Register in place. 	<ul style="list-style-type: none"> • Maintain a register for all donations 	
4. Enhance Human Resource Capacity	<ul style="list-style-type: none"> • Improved performance. 		<ul style="list-style-type: none"> • Implement annual staff appraisal and quarterly reviews. • Avail working tools and supplies 	
	<ul style="list-style-type: none"> • Staff development and motivation 		<ul style="list-style-type: none"> • Engage in CMEs through workshop sensitization meetings. • Engage in staff rotations. • Monthly hospital CME programs. • Offer staff tea, snacks etc. during meetings • Offer lunch for theatre staffs • Annual staff meetings. 	

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<p>5. Improve hospital waste management and disposal.</p>	<ul style="list-style-type: none"> Maintain a clean, hygiene environment. 	<ul style="list-style-type: none"> Waste collected. 	<ul style="list-style-type: none"> Staff satisfaction surveys. Supply of waste collections bins, buckets and bin liners Maintain the waste holding area. 	
		<ul style="list-style-type: none"> Waste segregated. Waste disposed 	<ul style="list-style-type: none"> Supply of colour coded bins & liners. Treatment of waste. 	
	<ul style="list-style-type: none"> Scale up IPC programs 	<ul style="list-style-type: none"> IPC committee functional 	<ul style="list-style-type: none"> IPC committee meetings. Distribution of IPC Materials. 	
	<ul style="list-style-type: none"> Maintain a conducive therapeutic environment. 		<ul style="list-style-type: none"> Constant supply of water in the hospital. Provide handwashing materials at designated places. Engage in landscaping. 	<ul style="list-style-type: none"> Plant more trees & shrubs.
	<ul style="list-style-type: none"> Waste Disposal 		<ul style="list-style-type: none"> Revive disposal committee. Enlist all items for disposal. Seek disposal authority from the chief officer DOH. 	

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			<ul style="list-style-type: none"> Engage in the disposal process.
6. Enhance leadership and governance.	<ul style="list-style-type: none"> Ensure Governance structures are in place and functional. 	<ul style="list-style-type: none"> Organogram 	<ul style="list-style-type: none"> Hold quarterly HMB meetings. Hold monthly HMB meetings. Hold monthly subcommittees meetings
	<ul style="list-style-type: none"> Coordinated work schedules. 	<ul style="list-style-type: none"> Work plan 	<ul style="list-style-type: none"> Prepare annual work plan. Hold quarterly review x meetings.
	<ul style="list-style-type: none"> Improve on accountability on performance. 		<ul style="list-style-type: none"> Engage internal & external auditors.
			<ul style="list-style-type: none"> Partner with DOH for Routine supervision.
			<ul style="list-style-type: none"> Partner with Program Officers, X & partners for Routine support supervisions.
7. Sustain timely provisions of supplies.	<ul style="list-style-type: none"> Maintain a constant provision of supplies, pharmaceuticals, non-pharmaceutical, reagents, cleaning materials, plants & medical equipment's, computers & accessories 		<ul style="list-style-type: none"> Budget Approved budget. Procure as per requests. Distribute to user points. Maintain accountable Documents.

<p>8. Security & safety.</p>	<ul style="list-style-type: none"> • Patients/ Staff safety. 		<ul style="list-style-type: none"> • Push for completion of drug stores. • Maintain high standards of Hygiene. • Scale up IPC activities, PPES, Uniforms etc. • Collect waste, segregate and dispose appropriately. • Provide service for people living with disabilities. 	
	<ul style="list-style-type: none"> • Security of patients, staffs & the entire hospital. 		<ul style="list-style-type: none"> • Security guards • Fence up the facility. • Grills on doors and Windows. • IT equipment 	

6. Corporate Governance Statement

MSCH has a non-executive board comprising of nine members. The board is responsible to the CECM Health Services, Kilifi. The current HMC was elected and officiated with effect from 28th October 2021, with its first meeting held on 8th November 2021. During the F/Y 2021-2022, the HMC met five (5) times including the inauguration meeting.

Kindly see the table below indicating the no of meetings and attendance:

Date of meeting	No. of HMC members present	No. of HMC members sent apology.	No. of HMC members absent.
8/11/2021	9	-	-
23/1/2021	6	3	-
10/3/2022	7	2	-
8/4/2022	8	1	-
31/5/2022	8	1	-

Succession Plan.

Members have been organised in structured manner to ensure smooth running of the board so as to actualize their purpose in overseeing operations in the facility.

The member has been divided into 3 sub- Committees namely:

- Finance Sub- committee
- Quality and health care services
- Promotive & Preventive

Process of appointment and Removal

Members of the HMC are appointed by the CECM Health.

They can be removed following recommendation to the CECM by the chairperson or secretary.

Roles and functions of the HMB

- Planning
- Decision making in approving plans, proposed budgets & expenditure.
- Resource Mobilization.
- Act as the link between the entity and the community.
- Monitors overall performance of the hospital as the strategic pillars.

Induction & training

On appointment members of the HMC underwent a week long induction organised by the DOH, Kilifi.

Continuous training opportunities are provided to ensure that the board remain on course.

Board and Member Performance

Each member of the HMB besides the Chairman are selected to at least one of the sub- committees where they are expected to participate fully and help achieve set goals. Members performance is also monitored through attendance patterns and contributions during meetings. In case of conflict of interest, the Board legislative expects the member to resign. .

Board Remunerations, ethics and conduct as well as governance Audit

Members of the board are entitled to allowance as stipulated in the HSIF Act of Kilifi County Government.

During their time in office the HMC are overseen by the member of the County Health Management Board (CHMB) who strive to ensure compliance to ethical issues and code of conduct of public officers.

The CHMB meets every quarter.

Management Discussion and Analysis

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

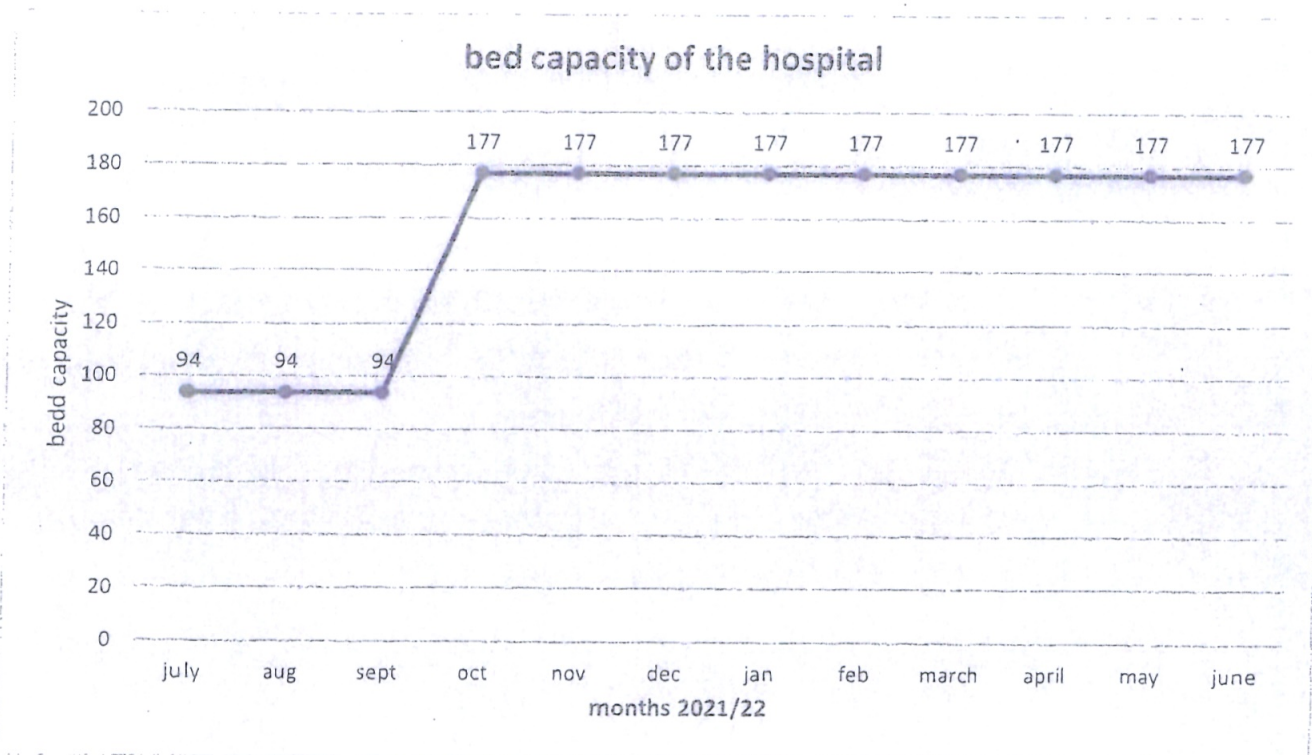
The overall leadership and governance of MSCH will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kilifi. The day-to-day management of the hospital is vested on the Chief Executive Officer.

Clinical/operational performance

1. Bed Capacity

month	july	aug	sept	oct	nov	dec	jan	feb	marc h	april	may	jun
bed capacity of the hospital	94	94	94	177	177	177	177	177	177	177	177	177

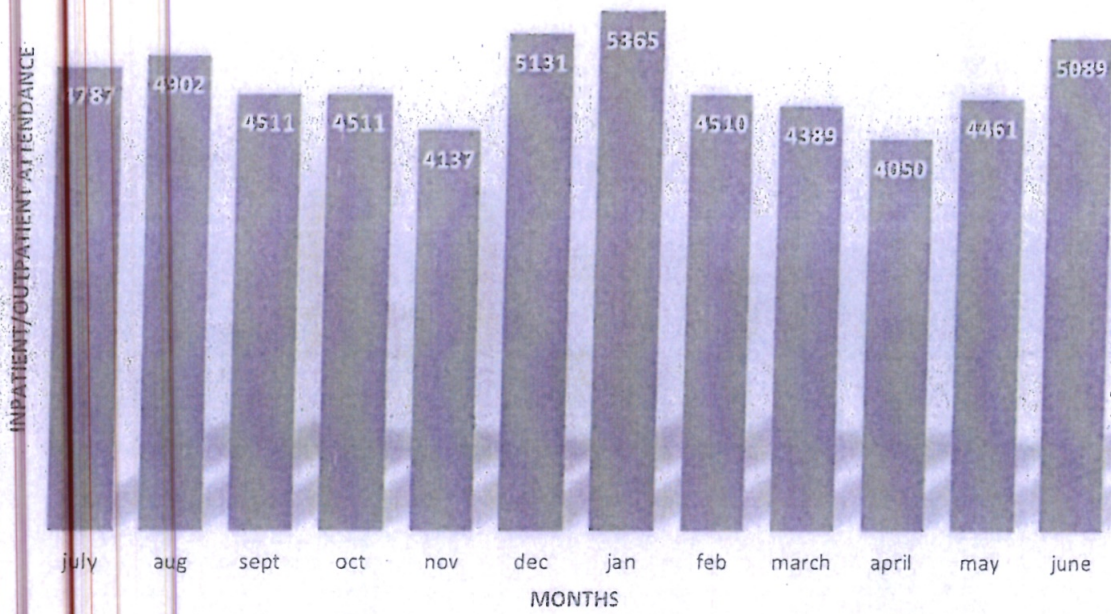
The number of beds increased in the financial year 2021/2022 due to the open of new maternity and paediatric ward.



2. Patient Attendance: OPD Visits and Inpatient Admissions

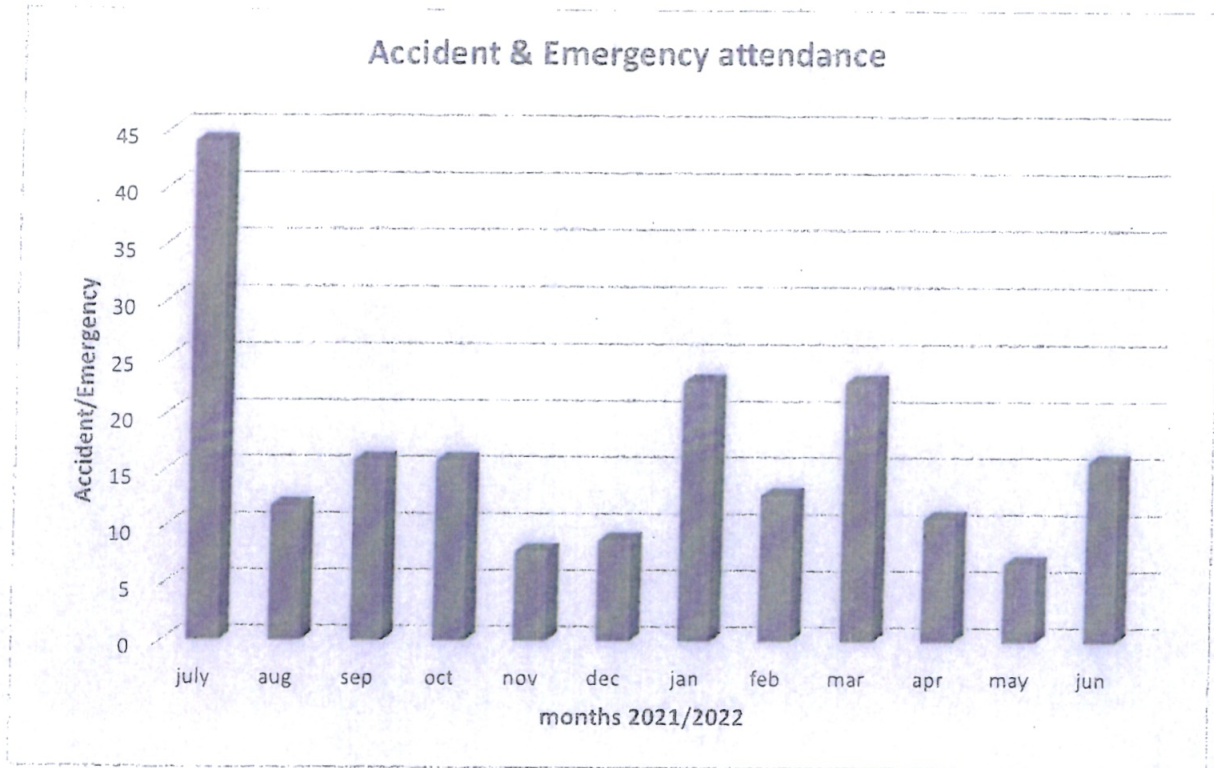
month	july	aug	sept	oct	nov	dec	jan	feb	march	april	may	june
attendance of inpatient and outpatient	4787	4902	4511	4511	4137	5131	5365	4510	4389	4050	4461	5089

ATTENDANCE OF INPATIENT & OUTPATIENT



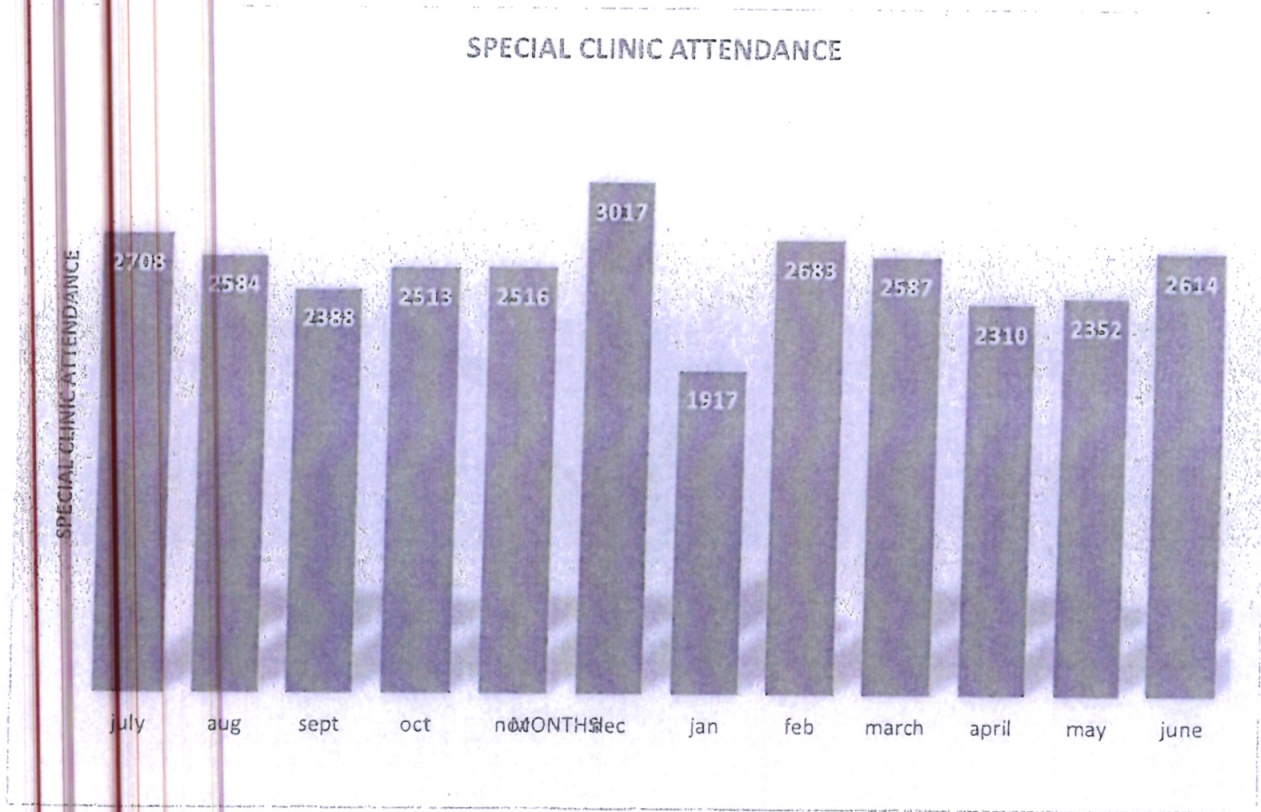
3. Accidents & Emergency Attendance

month	july	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	jun
Accident & emergency attendance	44	12	16	16	8	9	23	13	23	11	7	16



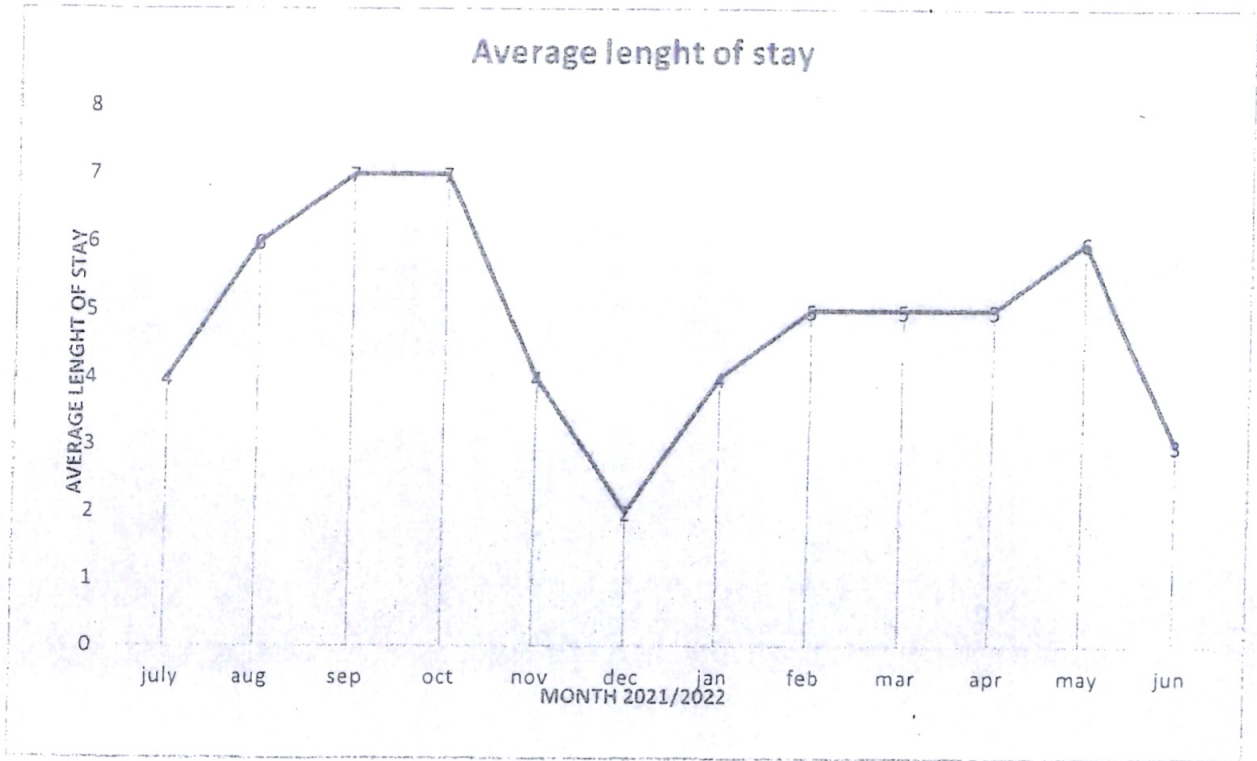
4. Specialised Clinics Attendance

month	july	aug	sept	oct	nov	dec	jan	feb	march	april	may	june
specialized clinic attendance	2708	2584	2388	2513	2516	3017	1917	2683	2587	2310	2352	2614



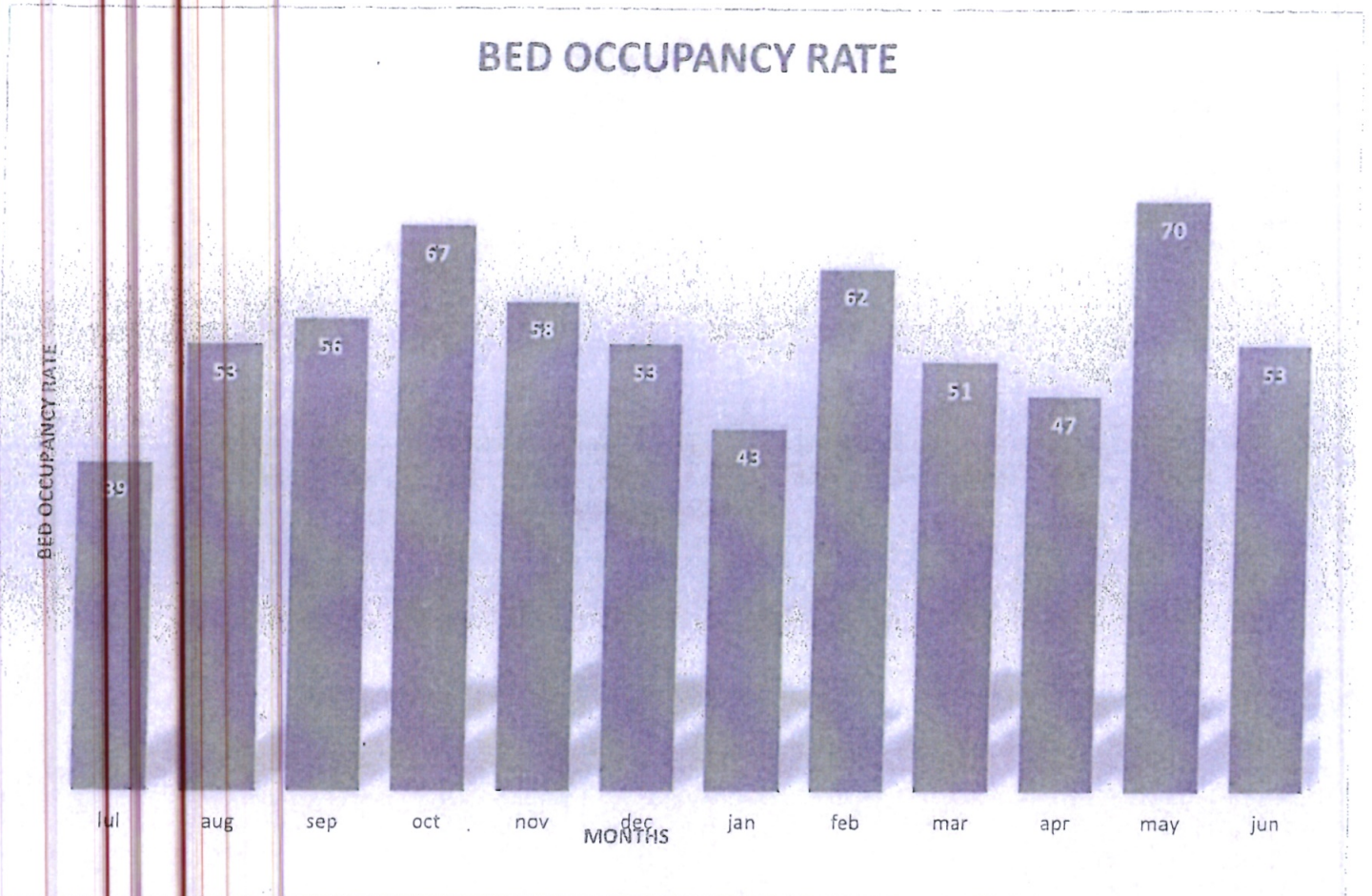
5. Average Length of Stay (In-patients) in Days

month	july	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	jun
Average length of stay	4	6	7	7	4	2	4	5	5	5	6	3



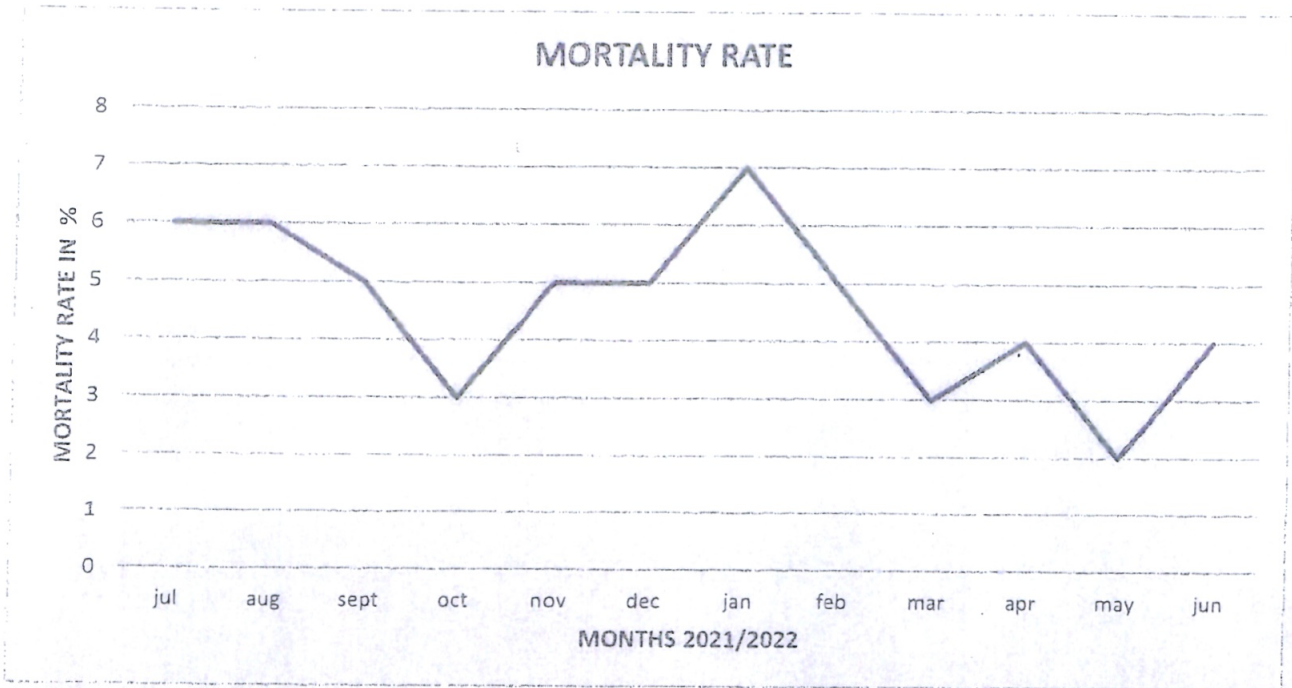
6. Bed Occupancy rate

month	jul	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	jun
bed occupancy rate	39	53	56	67	58	53	43	62	51	47	70	53



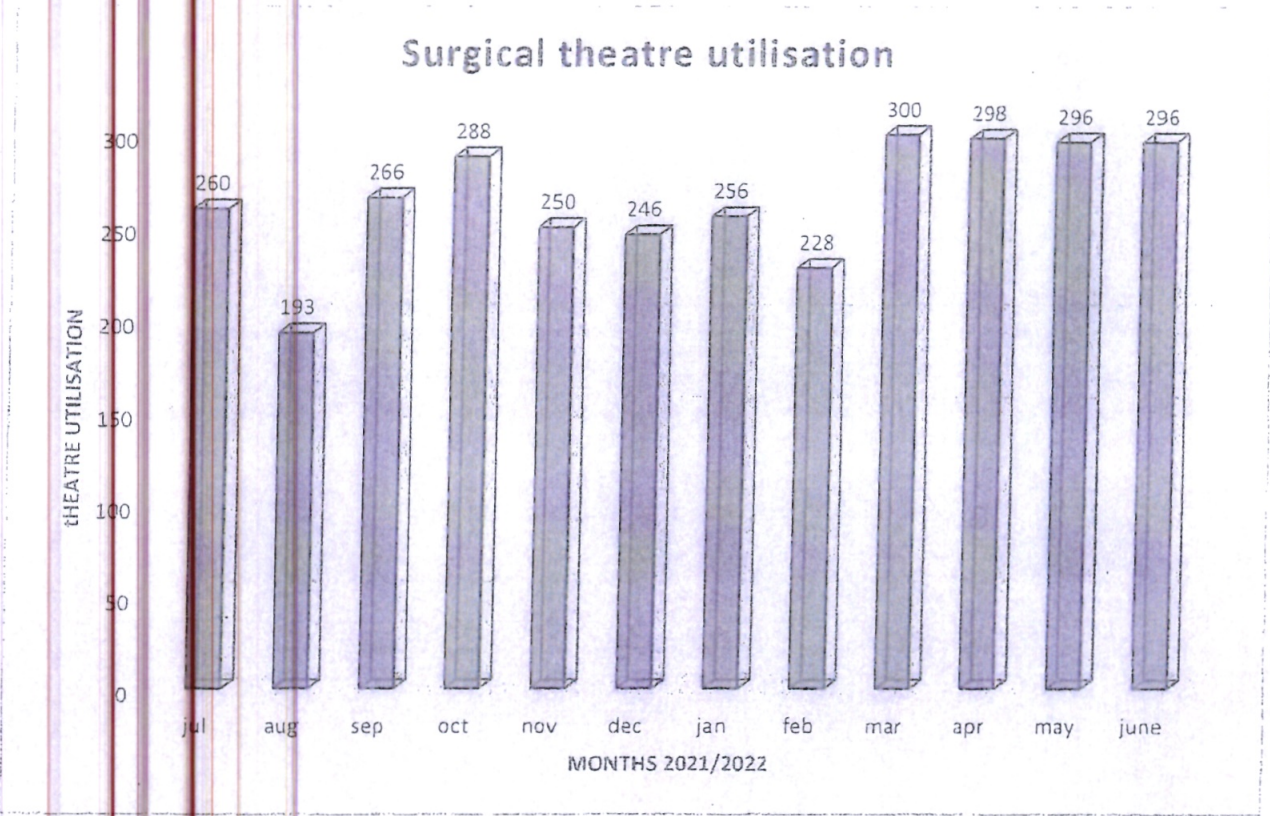
7. Mortality Rate Per Admission

month	jul	aug	sept	oct	nov	dec	jan	feb	mar	apr	may	jun
mortality rate %	6	6	5	3	5	5	7	5	3	4	2	4

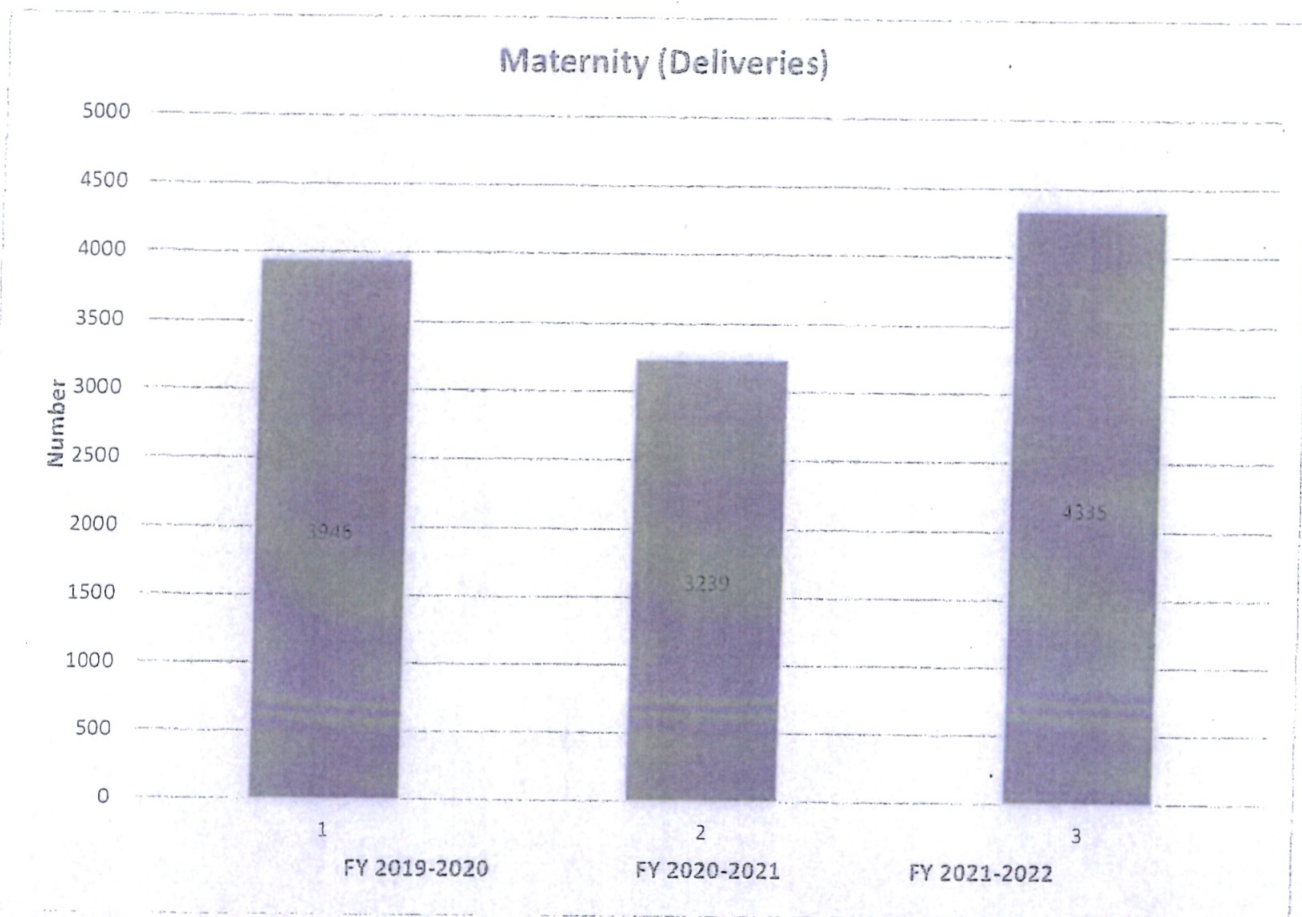


8.Surgical Theatre Utilization

month	jul	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	june
surgical theatre utilization	260	193	266	288	250	246	256	228	300	298	296	296



9. Maternity (Total Deliveries)



Financial performance that includes

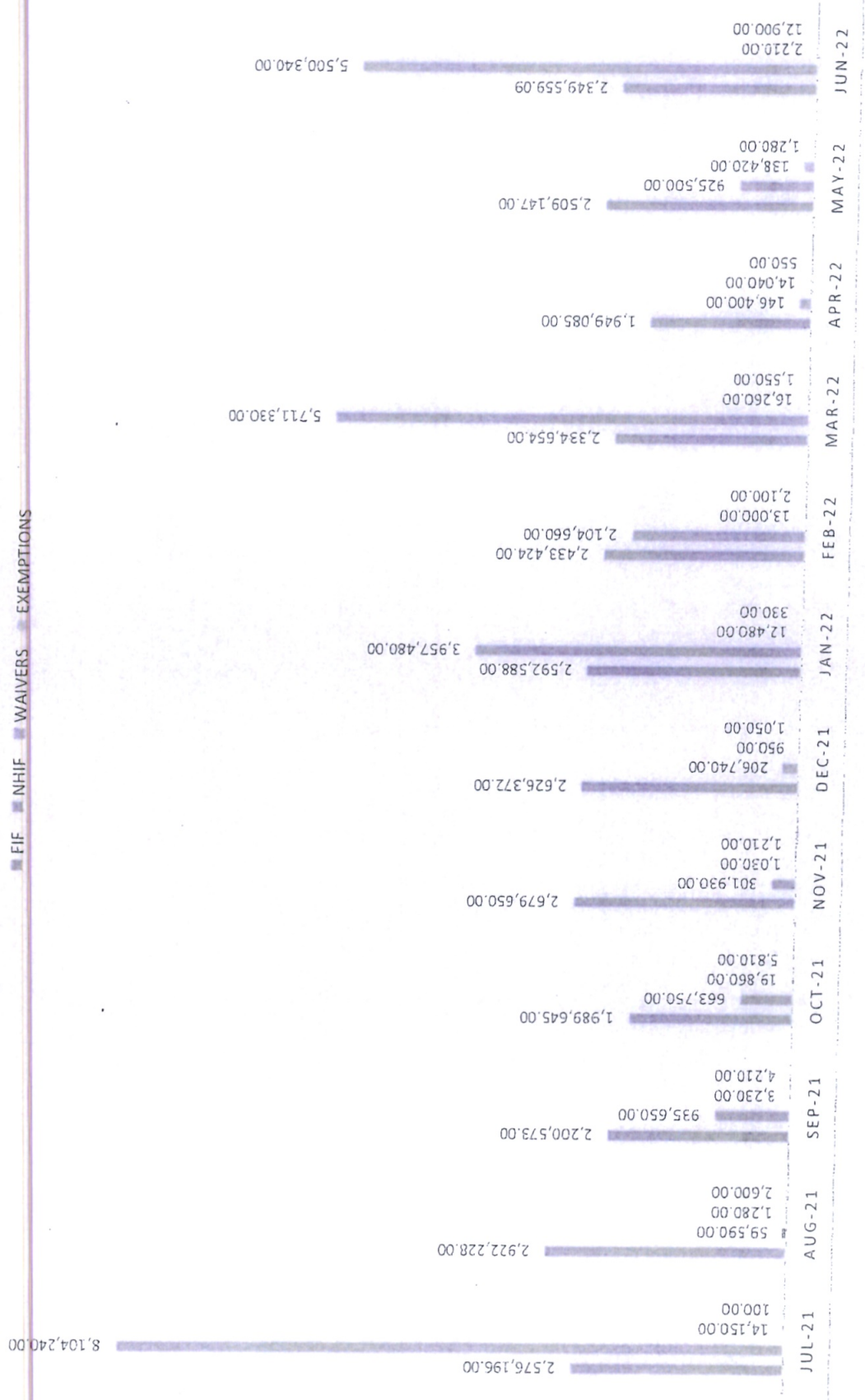
MSCH revenue Sources Includes:

- User Fees Comprising of;
- Cash collection
- Nhif Collections

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REVENUE ANALYSIS JULY - JUNE YEAR 2021-2022

■ FIF ■ NHIF ■ WAIVERS ■ EXEMPTIONS



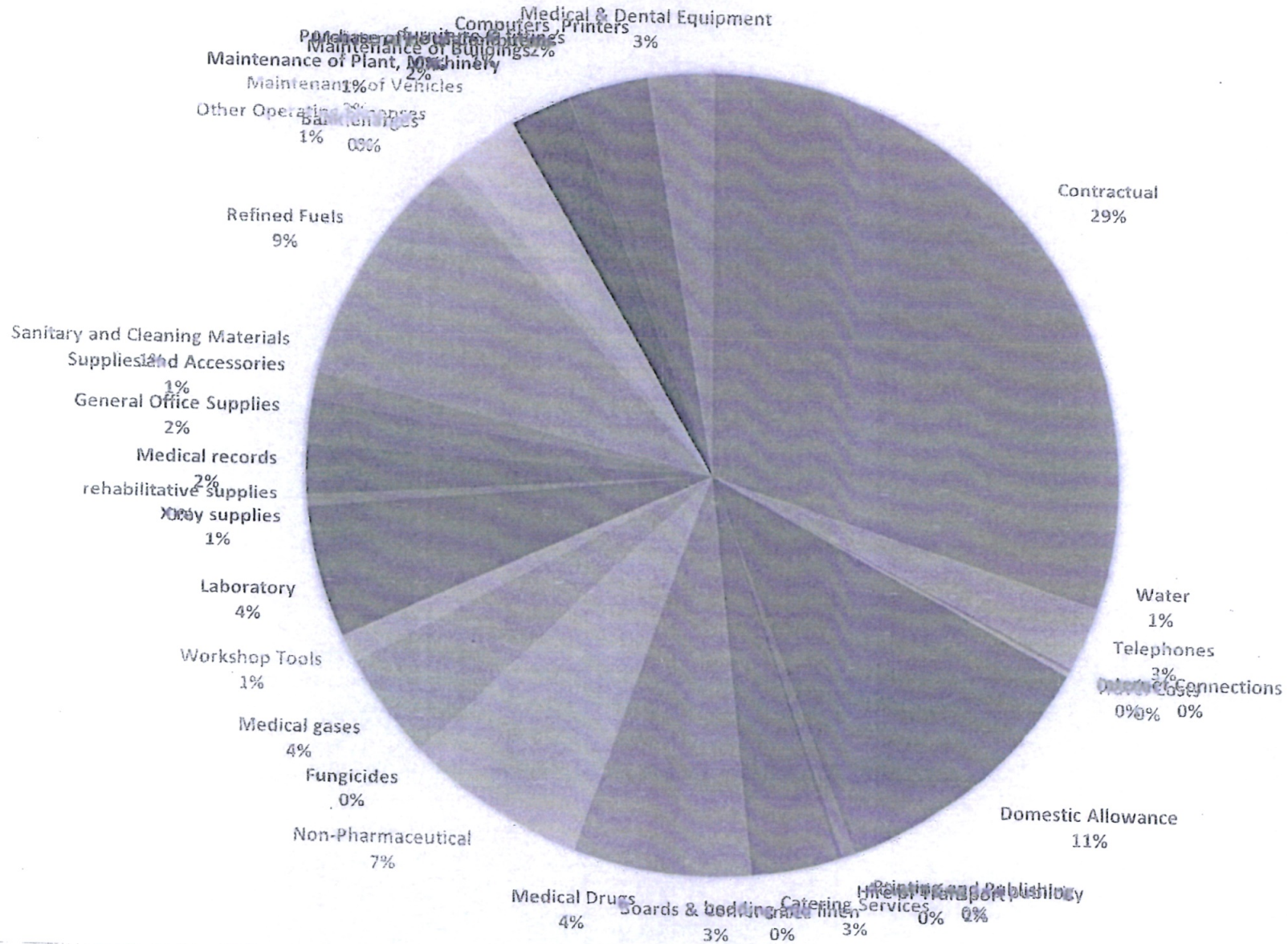
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EXPENDITURE REPORT FY 2021-2022				
ITEM CODE	ITEM DESCRIPTION	APPROVED ESTIMATES	EXPENDITURE/ COMMITMENTS	BALANCE
2110201	Contractual	20,110,200	20,050,985	59,215
2210102	Water	1,060,000	96,8621	91,379
2210201	Telephones	1,877,000	1,818,354	58,646
2210202	Internet Connections	98,530	95,500	3,030
2210203	Courier	31,260	4,880	26,380
2210301	Travel Costs	130000	124,300	5,700
2210303	Domestic Allowance	8,061,681	7,789,360	272,321
2210502	Printing and Publishing	56,000	1,830	54,170
2210504	Advertising and publicity	427,000	373,000	54,000
2210604	Hire of Transport	150,000	137,000	13,000
2210801	Catering Services	2,528,290	2,443,200	85,090
2211021	bedding and linen	30,000	0	30,000
2210802	Boards & Conferences	2,227,000	2,182,850	4,4150
2211001	Medical Drugs	2,800,000	2,795,525	4,475
2211002	Non-Pharmaceutical	5,063,110	5,062,829	281
2211004	Fungicides	70834	8,180	62,654
2211005	Medical gases	2,973,025	2,968,315	4,710
2211006	Workshop Tools	812,000	803,365	8,635
2211008	Laboratory	2,898,083	2,892,079	6,004
2211024	X ray supplies	855,000	853,200	1,800
2211025	rehabilitative supplies	348,470	348,470	0
2211027	Medical records	1,398,800	1,398,800	0
2211101	General Office Supplies	1,381,406	1,266,630	114,776
2211102	Supplies and Accessories	895,950	740,275	155,675
2211103	Sanitary and Cleaning Materials	649,890	558,159	91,731
2211201	Refined Fuels	6,496,179	6014885.65	481,293
2211204	Other Fuels	15,580	12,000	3,580
2211301	Bank Charges	30,414	14,200	16,214

Mariakani sub county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

2211399	Other Operating Expenses	613,500	569,840	43,660
2220105	Maintenance of Vehicles	1,940,887	1,855,325	85,562
2220201	Maintenance of Plant, Machinery	475,000	471,662	3,338
2220205	Maintenance of Buildings	1,328,388	1,209,770	118,618
2220210	Maintenance of Computers	120,000	66,400	53,600
3110902	Purchase of Household items	48,989	37,179	11,810
3111001	furniture & fittings	509,800	504,800	5,000
3111002	Computers ,Printers	1,756,000	1,658,270	97,730
3111101	Medical & Dental Equipment	1,882,500	1,882,500	0
	TOTALS	72,135,766	69,982,539	2,153,227

EXPENDITURE REPORT



7. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

MSCH has put in place several sustainable strategies including: -

- i) Continuous quality improvement of healthcare services.
- ii) Introductions of new services such as dental unit.
- iii) Engage in public-private partnership.
- iv) Partner with NHIF and other insurance firms to enhance UHC clients.

ii) Environmental performance

MSCH uses the National Healthcare Waste management policy control guidelines in managing Hospital waste.

We have in place colour-coded bins, IPC materials strategically placed at the handwashing centres etc.

Segregated waste is treated before being transported to the county centre for incineration in a suitably designed motor vehicles.

The hospital has put in place measures to manage waste within the facility so as not to affect the communities around.

iii) Employee welfare

Employee hiring process is a reserve of the County Public Service Board but gender ratio is clearly taken into consideration while deploying staff into the facility.

The Department of Health (DOH) together with other stakeholders have taken a leading role in improving skills through sensitization meetings, workshops, trainings, CMEs etc. staff performance routinely implemented each year. There is a clear policy on further training to skill not available in the facility e.g. Master courses.

MSCH has in place guideline on 0.5 HA (which are routinely) implemented to comply on occupational safety and health Act of 2007.

iv) Market place practices-

The organisation should outline its efforts to:

a) *Responsible competition practice.*

1. MSCH has structured in place to deal with anti-corruption. A HMs subcommittee has been constituted to deal with the vice through information gathering, sharing data, monitoring and evaluation. We also have in place clandestine employees who monitor against the vice and report to the hospital management.
2. As is the norm, the employee in MSCH have been sensitized on how to remain politically neutral and taught to serve all clients with integrity without regard to their political affiliations.
3. MSCH maintain a healthy relationship with all our competitors. We realise that we need the competitors as much as they need this facility and therefore we respect our competitors and even invite some of them to our stakeholder meetings. Competition is appreciated and taken as a challenge to continually improve on the quality of the service that we offer.

b) *Responsible Supply chain and supplier relations*

The hospital honours and maintains good relations with her suppliers through being transparent in all supply chain services.

Suppliers are paid promptly and where delay are unavoidable, prior communication is done to avoid conflict.

c) *Responsible marketing and advertisement*

MSCH does the marketing of her services through ethically and culturally acceptable means such as community Barazas, radios, social media, medical camps and partners.

d) *Product stewardship*

Several efforts have been put in place to safeguard consumer rights and interest i.e.

1. Customer care desk manned by trained customer care personnel. Complaints raised are addressed through the customer care sub-committee that meets monthly. Compliments/ compliments raised are addressed through the customer care subcommittee that meets monthly.
2. Display of patient service charters, patient rights, are placed on all strategic points of the hospital. These are written both in Kiswahili and local dialect for ease of understanding.
3. The hospital management monitors a good working relation with opinion leaders to ensure service delivery practice is acceptable to the community.
4. Through the HMC, patients' rights and interests are safeguarded.

v) *Corporate Social Responsibility / Community Engagements*

The hospital management through support from the DOH Kilifi has put in place to ensure compliance of CSR:

- ❖ Through the CCC department and with support from partners, the hospital houses and supports a youth group that comprises of adolescent affected and infected with HIV they are offered Psycho-social, mental, and material support.
- ❖ With support from a regional philanthropolo, the hospital has clear guidelines on how to handle cases of the less privileged in the society i.e. waivers, credits, enrolment to UHC for member with long term illnesses or those needing complicated orthopaedic surgeries.
- ❖ The hospital also supports a CHG that are attached to the facility through subsidies to keep their groups active. They are provided with different health skills to make them more effective the area of their jurisdiction.
- ❖ Medical camps- this is another way that the hospital gives back to the community particularly in the area of D, cancer screening and treatment, mother's day etc.
- ❖ Celebration of key Health days where participants are gifted with t-shirts, snacks and lunch i.e. Aids Day celebrated every 1st Dec, Mental Health Day (relevant photos and programs available)

8. 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 provide quality and affordable preventive, promotive, rehabilitative and curative health services across the county.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 5

Board of Management

The members of the Board who served during the year are shown on page Viii to IX.

During the year 2021-2022 Yvonne Betty Mukusu resigned and Susan Kioko was appointed with effect from 1st March 2022.

Auditors

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

By Order of the Board

For
Kasharo
DR. MATANO KIBWANA HASSAN
SECRETARY OF THE BOARD

9. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the MSCH financial statements which give a true and fair view of the state of affairs of the MSCH for and as at the end of the financial year (period) 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 MSCH; (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 MSCH financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the MSCH financial statements give a true and fair view of the state of MSCH transactions during the financial year ended June 30, 2022 and of the MSCH financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the MSCH, which have been relied upon in the preparation of the MSCH 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 MSCH 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 10th June 2022 and signed on its behalf by:

.....
Mr. Abdalla mohammed Abeid
Chairperson
Board of Management

for
Dr. Matano Kibwana Hassan
Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MARIAKANI SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF KILIFI

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, 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 Mariakani Sub-County Level 4 Hospital - County Government of Kilifi set out on pages 1 to 28, which comprise of the

statement of financial position as at 30 June, 2022, and statement of financial performance, statement of changes in net assets, statement of cash flows, the 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 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mariakani Sub-County Level 4 Hospital – County Government of Kilifi as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

Unconfirmed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,648,387. Review of records maintained at the Hospital revealed that the Hospital occupies five (5) acres of land. However, the title deed was not provided to confirm ownership.

In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs, 3,648,387 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.72,135,766 and Kshs.72,260,864 respectively, resulting to over-funding of Kshs.125,098 or 0.2% of the budget. Similarly, the Hospital spent Kshs.70,430,122 against an approved budget of Kshs.72,135,766 resulting to an under-expenditure of Kshs.1,705,644 or 2% of the budget.

The under-expenditure affected planned activities and may have impacted negatively on services delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by forty-two (42) staff requirements or 58% of the authorized establishment as analyzed below;

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	8	8	50
Anesthesiologists	2	0	2	0
General Surgeons	2	0	2	0
Gynecologists	2	2	0	100
Pediatrics	2	1	1	50
Radiologists	2	0	2	0
Registered Community Health Nurses	75	48	27	64
Total	101	59	42	58

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

Service	Level 4 Standard	Number in Hospital	Variance
High Dependence Unit	1	0	1
ENT Unit	1	0	1
Consultation rooms	8	2	6
Waiting Rooms	4	0	4
Cold Rooms	1	0	1
Injection Rooms	1	0	1
Cloak Rooms	1	0	1
Pharmacy	2	1	1
CSSD Unit	1	0	1
Emergency Unit /Minor Theater	1	0	1
Disability Friendly Walk Rams	1	0	1
Director Unit	1	0	1
Renal Dialysis	1	0	1
CT Scan Machine	1	0	1
Mammography Machine	1	0	1
Dental Room	1	0	1

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

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 overall governance were not effective.

Basis for Conclusion

1. Ineffective Governance by the Board of Management

Review of the Board operations and activities during the year under review revealed that the facility's Board operated without an approved charter and an approved work plan contrary to Section 1.1 1 and Section 1.9 of Mwongozo Code of Governance which requires the Board of Directors to develop and adopt a Board Charter which defines the roles, responsibilities and functions of the Board. Further, the Committees of the Board which includes; Risk Management and Audit, Finance/Infrastructure/Human Resource and Service Delivery and General Purpose were none operational as at the time of audit. In addition, as at the time of audit in April, 2024, the Board Members had not been issued with official appointment letters having been gazetted on 3 June, 2022 more than one (1) year after gazettelement.

In the circumstances, the effectiveness of the governance measures put in place by the Hospital could not be confirmed.

2. Expired Medical Supplies

Review of the stores records on pharmaceuticals and non-pharmaceuticals revealed that one hundred and six (106) units of various drugs worth Kshs.645,703 had expired.

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

3. Unutilized Government Hospital Equipment

Review of the fixed asset register maintained at the facility and physical verification revealed that five (5) Hospital equipment of undetermined value were lying idle and unutilized. In addition, eleven (11) equipment/machines of unknown value were neglected and beyond repair.

In the circumstances, the effectiveness of the internal controls on management of Hospital equipment could not be confirmed.

4. Lack of Risk Management Framework

During the year under review, the Hospital operated without a documented risk management policy framework.

Further, review of Hospital records revealed that the Hospital, was operating without a human resource policy and procedures manual, finance and accounting manual, assets

management policy, transport management policy, IT policy, disaster recovery plan and backup and retention strategy.

In the circumstances, effectiveness of risk management system at the Hospital 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 Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 its operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional 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 the Management.

- Conclude on the appropriateness of the Management's use of 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide 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

18 June, 2024

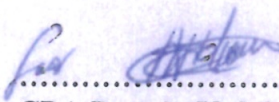
11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	FY2021/2022 KShs	FY2020/2021 KShs
Revenue from non-exchange transactions			
Transfers from HSIF Fund	6	72,260,864	-
Total revenue		72,260,864	-
Expenses			
Medical/ Clinical Costs	7	16,877,377	-
Employee costs	8	20,024,985	-
Board of Management Expenses	10	356,000	-
Depreciation and Amortization	11	397,183	-
General Expenses	9	29,171,420	-
Repair and Maintenance	12	3,603,157	-
Total expenses		70,430,122	-
Surplus/(deficit) for the period		1,830,742	-

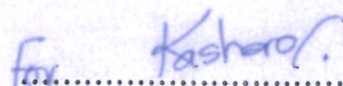
The Hospital's financial statements were approved by the Board on 10/6/2022 and signed on its behalf by:



 Abdalla Mohammed Abeid
 Chairman
 Board of Management



 CPA Brenda Kulola
 Head of Finance
 ICPAK No:22961

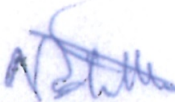


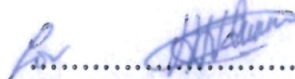
 Dr. Matano Kibwana Hassan
 Medical Superintendent

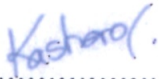
12. STATEMENT OF FINANCIAL POSITION AS OF 30TH JUNE 2022

	Note	FY2021/2022 KShs
Assets		
Current assets		
Cash and cash equivalents	13	2,665,496
Receivables from Non exchange transactions	14	7,636,415
Total Current Assets		10,301,911
Non-current assets		
Property, plant, and equipment		3,648,387
Total Non-current Assets		13,950,298
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	15	12,119,556
Total liabilities		12,119,556
Net assets		
Accumulated surplus		1,830,742
Total net assets and liabilities		13,950,297

The Hospital's financial statements were approved by the Board on 10/6/2024 and signed on its behalf by:


.....
Abdalla mohammed Abeid
Chairman
Board of Management



.....
CPA Brenda Kulola
Head of Finance
ICPAK No:22961


.....
Dr. Matano Kibwana Hassan
Medical Superintendent


13. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated surplus	Total
	KShs	KShs
Balance as at 1 July 2021		-
Surplus/(deficit) for the period	-	-
Balance as at 30 June 2021	-	-
Balance as at 1 July 2021	-	-
Surplus/(deficit) for the period	1,830,742	-
Balance as at 30 June 2022	1,830,742	-

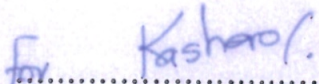
The Hospital's financial statements were approved by the Board on 10/6/2022 and signed on its behalf by:



 Abdalla mohammed Abeid
 Chairman
 Board of Management



 CPA Brenda Kulola
 Head of Finance
 ICPAK No:22961

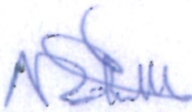



 Dr. Matano Kibwana Hassan
 Medical Superintendent

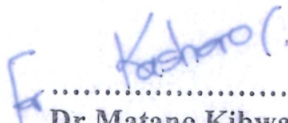
14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	FY2021/2022 KShs
Cash flows from operating activities		
Receipts		
Transfers from HSIF Fund	6	64,624,449
Total Receipts		64,624,449
Payments		
Medical/ Clinical Costs	7	16,877,377
Employee costs	8	20,024,985
Board of Management Expenses	10	356,000
General Expenses	9	17,051,864
Repair and Maintenance	12	3,603,157
Total Payments		57,913,383
Net cash flows from operating activities		6,711,066
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets	20	(4,045,570)
Net cash flows used in investing activities		(4,045,570)
Net increase/(decrease) in cash and cash equivalents		2,665,496
Cash and cash equivalents at 1 JULY 2021		-
Cash and cash equivalents at 30 JUNE 2022	13	2,665,496

The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 10/6/2022 and signed on its behalf by:


.....
Abdalla mohammed Abeid
Chairman
Board of Management


.....
CPA Brenda Kulola
Head of Finance
ICPAK No:22961


.....
Dr. Matano Kibwana Hassan
Medical Superintendent

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022

	Original budget 2022	Adjustments 2022	Final budget 2022	Actual on comparable basis 2022	Performance difference 2022	% utilisation 2022
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt & FIF Revenue	33,750,444	38,385,322	72,135,766	72,260,864	(125,098)	100%
Total income	33,750,444	38,385,322	72,135,766	72,260,864	(125,098)	100%
Expenses						
Medical Clinical Costs	8,820,000	8,196,378	17,016,378	16,877,377	139,000	99%
Employee costs	10,430,000	9,650,200	20,080,200	20,024,985	55,215	100%
Board of Management Expenses	150,000	206,000	356,000	356,000	-	100%
General Expenses	8,638,201	18,222,595	26,860,796	29,171,420	(2,310,624)	109%
Depreciation and Amortization	4,045,570	-	4,045,570	397,183	3,648,387	10%
Repair and Maintenance	1,666,673	2,110,150	3,776,822	3,603,157	173,665	95%
Total expenditure	33,750,444	38,385,322	72,135,766	70,430,122	1,705,644	98%
Surplus for the period	-	-	-	1,830,742	(1,830,742)	#DIV/0!

(Budget notes)

1. In accordance with IPSAS 24.29, the changes in the budget amounting to Ksh. 38,385,322 was attributed to reallocations and the addition of revenues from hospital collection. The notes set out on pages' 6 to 27 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 10/6/2022 and signed on its behalf by:

.....
Abdalla mohammed Abeid
Chairman
Board of management

.....
CPA Brenda Kulola
Head of finance
ICPAK No.22961

.....
Dr.Matano Kibwana
Hassan
Medical Superintendent

16. Notes to the Financial Statements

1. General Information

MSCH entity is established by and derives its authority and accountability from PFM Act 2012. The MSCH is wholly owned by the Kilifi County Kenya and is domiciled in Kilifi Kenya. The entity's principal activity is to provide quality and affordable preventive, promotive, rehabilitative and curative health services across the country.

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

The financial statements have been prepared in accordance with the PFM Act 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
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><i>Applicable 1st January 2023</i></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><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of</p>

	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<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 2021/2022

Notes to the Financial Statements (Continued)

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.

ii. Revenue from exchange transactions

• Rendering of services

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

• Sale of goods

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

• Interest income

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

• Dividends

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

• Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021-2022 was approved by Board on 8th July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations Ksh. 72,135,766 of the FY 2021-2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual 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 in page 1 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

Notes to the Financial Statements (Continued)

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.

The hospital did not disclose an undetermined value of assets including Land, Buildings, motor vehicles and various other specialised equipment since the hospital adopted accrual basis in the year under IPSAS 33 and took advantage of the three-year relief period.

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.

Notes to the Financial Statements (Continued)

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

Notes to the Financial Statements (Continued)

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

a. 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

Notes to the Financial Statements (Continued)

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)

b. 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.

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method

Notes to the Financial Statements (Continued)

➤ 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.

The hospital did not disclose an undetermined value of inventory as IPSAS 33 agrees that where a first time adopter takes advantage of the exemption that provides a three-year transitional relief period to not recognize and/ or measure certain assets:

- a. For inventory, current replacement costs; and
- b. For investment property of a specialized nature, depreciated replacement costs.

k) Provisions

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

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

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

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.

Notes to the Financial Statements (Continued)

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.

l) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) 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)

b) 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.

c) Provisions

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

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

6. Transfer from HSIF

Description	FY2021/2022 KShs
Grants – operations	72,260,864
Total	72,260,864

7. Medical/Clinical costs

Description	FY2021/2022 KShs
Sanitary and cleansing Materials	558,159
Dressing and Non-Pharmaceuticals	5,062,829
Laboratory chemicals and reagents	2,892,079
Pharmaceutical supplies	2,795,525
Purchase of Medical gases	2,968,315
X-Ray/Radiology supplies	853,200
Purchase of rehabilitative supplies	348,470
Health information stationery	1,398,800
Total	16,877,377

Notes to the Financial Statements (Continued)

8. Employee costs

Description	FY2021/2022 KShs
Salaries, Wages and Allowances	18,779,485
Employer Contributions to Compulsory National Social Security Schemes	486,800
Staff medical expenses and Insurance cover	758,700
Total	20,024,985

9. General Expenses

Description	FY2021/2022 KShs
Water and sewerage costs	994,621
Telephone and mobile phone services	1,818,354
Internet expenses	95,500
Travel and accommodation allowance	7,964,060
Hire charges	137,000
Advertising and Publicity expenses	373,000
Printing, advertising and information supplies & services	-
Conferences and delegations	1,826,850
Printing and stationery	1,830
Training expenses	-
Hospitality supplies and services	-
Bank charges	14,200
Insecticides and rodenticides	8,180
Training expenses	-
Catering expenses	2,443,200
Courier and Postals services	4,880
Office and general supplies and services	1,266,630
Purchase of Workshop Tools, Spares and Small Equipment	803,365
Computers and accessories	740,275
Fuel Oil and Lubricants	6,014,886
Other Fuels (wood, charcoal, cooking gas etc?)	12,000
Other operating expenses	569,840
Household Furniture and Institutional Equipment	4,082,749
Total	29,171,420

10. Board Management Expenses

Description	FY2021/2022 KShs
Sitting allowance	356,000
Total cash and cash equivalents	356,000

Notes to the Financial Statements (Continued)

11. Depreciation and Amortization Expense

Description	FY2021/2022 KShs
property , Plant and Equipment	397,183
Total cash and cash equivalents	397,183

12. Repairs and Maintenance

Description	FY2021/2022 KShs
Motor vehicle expenses	1,855,325
Maintenance of Plant, Machinery	471,662
Office equipments	66,400
Furniture and Fittings	
Property- Buildings	1,209,770
Total cash and cash equivalents	3,603,157

13. Cash and Cash Equivalents

Description	FY2021/2022 KShs
Current account	2,665,496
Total cash and cash equivalents	2,665,496

Detailed analysis of the cash and cash equivalents are as follows:

Description	Account number	FY2021/2022 KShs
Current account		
Co-Operative Bank		
KCG MARIAKANI SUB COUNTY HOSPITAL	1141764338000	2,665,496
Sub- total		2,665,496
		-
Sub- total		
Grand total		-

Notes to the Financial Statements (Continued)

14. Receivables from Non-Exchange Transactions

Description	FY2021/2022 KShs
Current Receivables	
Transfers from HSIF	2,257,525
NHIF unpaid claims	5,378,890
Staff outstanding Imprest	-
Total Current receivables	7,636,415
Total receivables from exchange transactions	7,636,415

15. Trade and Other Payables

Description	FY2021/2022 KShs
Trade payables	12,119,556
Total trade and other payables	12,119,556

16. Cash Generated from Operations

	FY2021/2022 KShs
Surplus for the year before tax	1,830,742
Adjusted for:	
Depreciation	397,183
Gains/ losses on disposal of assets	-
Interest income	-
Finance cost	-
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	(7,636,415)
Increase in payables	12,119,556
Net cash flow from operating activities	6,711,066

17. Related party balances

a) Related party transactions	FY2021/2022 KShs
Transfers from related parties'	72,260,864
Transfers to related parties	-

Notes to the Financial Statements (Continued)

18. Changes in receivable

Description	FY2021/2022 KShs
Account receivable as at 1 st July 2020	-
Account receivable as at 30 th June 2021	7,636,415
Net changes in account receivables	(7,636,415)

19. Changes in Accounts Payable

Description	FY2021/2022 KShs
Accounts Payable as at 1 st July 2020	-
Accounts Payable as at 30 th June 2021	12,119,556
Net changes in account Payables	12,119,556

20. Property, plant & Equipment

Description	Fittings, and office	ICT Equipment	Plant and medical equipment	Total
Cost	Shs	Shs	Shs	Shs
Depreciation Rate	12.50%	30%	12.50%	
At 1 July 2020	-	-	-	-
Additions	-	-	-	-
At 30 th June 2021	-	-	-	-
At 1 st July 2021	-	-	-	-
Additions	1,053,800	1,109,270	1,882,500	4,045,570
At 30 th June 2022	1,053,800	1,109,270	1,882,500	4,045,570
Depreciation and impairment				
At 1 July 2020	-	-	-	-
Depreciation for the year	-	-	-	-
At 30 June 2021	-	-	-	-
At July 2021	-	-	-	-
Depreciation	-	-	-	-
At 30 th June 2022	-	-	-	-
Net book values				
At 30 th June 2021	-	-	-	-
At 30 th June 2022	1,053,800	1,109,270	1,882,500	4,045,570

21. Inventories

The inventories held in store as at 30th June consisted of all items bought by the hospital and county government and it was not possible to distinguish the stocks bought by the hospital.

The IPSAS 33 agreed that where a first time adopter takes advantage of the exemption that provides a three-year transitional relief period to not recognize and/ or measure certain assets:

- a. For inventory, current replacement costs; and
- b. For investment property of a specialized nature, depreciated replacement costs.

Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Receivables from –non-exchange transactions	7,636,415	0	0	0
Bank balances	2,665,496	0	0	0
Total	10,301,911	0	0	0

Notes to the Financial Statements (Continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade payables	12,119,556	0	0	0
Total	12,119,556	0	0	0

23. Related Party Balances

a) 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.

Notes to the Financial Statements (Continued)

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 Parent Ministry;
- iii) County Assembly;
- iv) Key management;
- v) Board of directors;

b) Related party balances

a) Related party transactions	FY2021/2022
	KShs
Transfers from related parties'	72,260,864
Transfers to related parties	-

13.APPENDICES

APPENDIX I: 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)
NA				

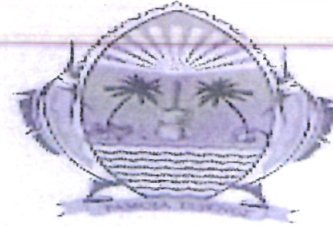
Guidance Notes:

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

.....
Accounting Officer

(To be signed by the accounting officer of the Hospital)

APPENDIX IV: INTER-ENTITY CONFIRMATION LETTER



MARIAKANI SUB COUNTY HOSPITAL
 P.O BOX 67, MARIAKANI.

The Health Services Improvement Fund 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 [Insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT21235NB3BS	24-Aug-21				21,905,378.00		
FT21300GRSDF	28-Oct-21				4,029,813.00		
NA	7-Dec-21				914,958.00		
FT21350T7H9C	16-Dec-21				4,239,709.00		
FT220243R9NG	25-Jan-22				7,134,077.00		
FT2206382BXT	7-Mar-22				2,422,778.00		

XX Hospital (XX County Government)

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

FT22080ZS668	22-Mar-22				7,190,140.00		
FT22104YWPXR	19-Apr-22				4,386,632.00		
FT221391FH WX	20-May-22				2,216,657.00		
FT22158D3LCN	7-Jun-22				1,929,695.00		
FT221723VF4Q	21-Jun-22				3,195,532.00		
FT22180CB7JB	30-Jun-22				5,059,080.00		
FT22199ZNFB8	18-Jul-22				2,257,525.00		
Total					66,881,974.00		

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

Head of Accountants department of beneficiary entity:

Name Charles Alderson Sign [Signature] Date 10-06-2024