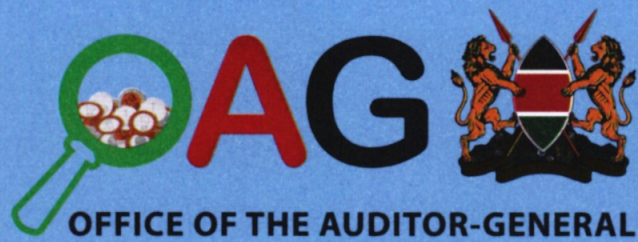


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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**SULTAN HAMUD SUB COUNTY
LEVEL 4 HOSPITAL**

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

COUNTY GOVERNMENT OF MAKUENI

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**SULTAN HAMUD SUB COUNTY LEVEL 4
HOSPITAL
(Makueni County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

18/09/24
Majority leader
Angela

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I. Key Entity Information and Management

(a) Background Information

Sultan Hamud Hospital initially started as a Dispensary way back in 1963 on a single block now housing the current Administration block. Later on in 1974, a Health Centre was put up comprising of five blocks that is; Garage/chest clinic block, MCH/ANC/CCC Clinics/M.O. In charge Block, Pharmacy/Revenue/Minor theatre, clinical Officer/Laboratory (OPD block), In-patient wards/maternity block and the Kitchen/laundry block. The hospital was upgraded to its current status in August 2008. It lies on a Land size of approximately 7 – 8 Acres. The hospital has a Catchment population of 93,244 serving the whole of Mukaa District, parts of Nzai District to the Eastern, Kilungu District to the North, Central Kajiado District to the west and parts of Makindu district to the south, and the major Nairobi – Mombasa highway.

Sultan Hamud Sub County Hospital is a level (4) hospital MFL Code 12777 and was established under gazette notice number 3461 of 1st April, 2010 and is domiciled in Makueni County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of Sultan Hamud sub-county hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Citizens.

Mission

Promotion and participation in provision of integrated and high quality promotive, preventive and curative health care services to all citizens

Vision

To render accessible, affordable and equitable health care services to all citizens.

(c) Key Management

Sultan Hamud Sub County Hospital management is under the following key organs:

- a) County department of health
- b) Board of Management
- c) Accounting Officer/ Medical Superintendent
- d) Hospital Management team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Makena Gichuru
2.	Head of finance	Michael Muange
3.	Head of supply chain	Justus Kimeu
4.	Hospital Administrator	Samson Mutwiwa
5.	Nursing Officer In charge	Regina Kiragu

(e) Fiduciary Oversight Arrangements

The hospital has in place fiduciary oversight arrangements. During budgeting, the hospital management team meets to discuss hospital operations and identify areas that need investments. The hospital executive expenditure committee then prioritizes activities during budget preparation guided by resource envelope. The Hospital management committee sub committees meet to deliberate matters under their respective mandate. The subcommittees table their reports before a full HMC meeting where budget is approved. Approved budget is discussed before a panel at the office of the chief officer health services.

Any expenditure is originated through a requisition form filled in by the user department. The requisition is approved by the medical superintendent who is the accounting officer of the hospital. After approval, the requisition is submitted to procurement unit for processing. Subsequently it is submitted to accounts department for confirmation of availability of funds. Requisition form is a mandatory part of documentation in payment vouchers. Monthly financial reports are usually submitted to the office of the chief officer health services and county treasury.

- (f) **Sultan Hamud Sub County Hospital**
P.O. Box 253 - 90132
Sultan Hamud
Mombasa Road
Makueni County, KENYA

- (g) **Entity Contacts**
Telephone: (+254) 0798273758/0754654656
E-mail: sultanhosp2008@gmail.com

- (h) **Entity Bankers**
The Kenya Commercial Bank
Emali Branch




- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Monrovia
Street
P.O. Box 30084
GPO 00100
Nairobi, Kenya

- (j) **Principal Legal Adviser**

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




- (k) **County Attorney**
P.O Box 78-90300
Makueni, Kenya



II. The Board of Management

Ref	Directors	Details
1.	<p>Jonathan Muli Kalwa</p> 	<p>He is the Chairman of the Hospital Management Committee. He holds a Diploma in Health Records & Information Technology. He is a Senior Retired Citizen having worked for 38 years up to the year 2018. Currently in Business, farming and Community Development</p>
2.	<p>Peter John Mbulwa</p> 	<p>He is a Member of the Hospital Management Committee since March 2021. He has a wide experience in Private Sector and Business. He has also a wealth of experience in serving in other boards for other institutions</p>
3.	<p>Rev Julius Wambua</p> 	<p>He is a member of the Hospital Management Committee since March 2021, a pastor since 2007, Chairman PTA Ngoto Boys for 3 year and Board Chair Kwale Primary for 8 years. He holds a Degree in Bible & Theology and his current occupation is a Church Pastor.</p>

4.	<p>Dr Makena Gichuru</p> 	<p>She is the Medical Superintendent and Secretary to the Hospital Management Committee. She holds a Bachelor of Medicine & Surgery from the University of Nairobi, a master's degree in Health Informatics from Karolinska Institute and is also a Swedish Institute Scholar. She worked in Makueni Referral Hospital as a Medical Officer and in Sultan Hamud Sub-County Hospital as the Medical Superintendent.</p>
5.	<p>Judith Mwikali</p> 	<p>She is a member of the Hospital Management Committee since March 2021 with a wide experience in the private sector and in business management. She has also a wealth of experience in serving in other boards for other institutions</p>
6	<p>Phyllis kithome</p>	<p>She is a member of the Hospital Management Committee since March 2021. And also the Kilome sub county administrator with a wide experience in public service and management</p>

III. Management Team

Ref	Management	Details
1.	<p>Dr Makena Gichuru</p> 	<p>She is the Medical Superintendent and Secretary to the Hospital Management Committee. She holds a Bachelor of Medicine & Surgery from the University of Nairobi, a master's degree in Health Informatics from Karolinska Institute and is also a Swedish Institute Scholar. She worked in Makueni Referral Hospital as a Medical Officer and in Sultan Hamud Sub-County Hospital as the Medical Superintendent.</p>
2.	<p>Samson Mutwiwa</p> 	<p>He is the Hospital Administrative Officer. He holds a bachelor of Arts in Economics. He has a wide experience of over 20 years as the Health Administrative Officer in various hospitals.</p>
3.	<p>Michael Muange</p> 	<p>He is the hospital accountant. He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya(ICPAK), with a Master of Science degree in Finance and Accounting and bachelor's degree in Finance. He has 15 years' experience in Accounting and Financial management in both Private and public sector.</p>

4.	<p>Justus Kimeu</p>  A portrait of Justus Kimeu, a man with short dark hair, wearing a pink blazer over a patterned shirt.	<p>He is the procurement officer and a certified member of the Kenya Institute of Supplies Management as well as the chartered Institute of Procurement and Supply (UK). He holds a Bachelor's degree in purchasing and supplies Management. He has over 8 years' experience as a supply chain Management Officer.</p>
5.	<p>Regina Kiragu</p>  A portrait of Regina Kiragu, a woman with dark curly hair, wearing a blue top.	<p>She is the Hospital Nursing Officer in charge. She holds a Bachelor of Science in Nursing and has over 15 years working experience in Nursing Field.</p>

IV. Chairman's Statement

Since the beginning of my tenure as the board chair in the year 2021, Sultan Hamud Sub-County Hospital has undergone tremendous growth. The board has a leadership and governance role assisted by the Hospital Management Team. We are accountable for the delivery of safe and quality health care services to our patients while at the same time we are challenged by the economic realities and growing health care needs of our community.

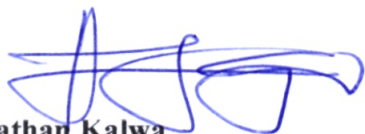
The board acts as a bridge between the community and the hospital whereby community interests are taken care of. We articulate health issues to the community in a way they can understand. The board meets on a quarterly basis to review performance, primary health care and budgeting. We also approve departmental work plans developed by the heads of departments. These work plans are derived from the annual work plans of the facility.

The board holds three committee meetings every quarter, being the Primary Healthcare Committee, the finance and general purpose committee and the main board meeting. During the Primary Healthcare committee meetings, the members are briefed on matters of PHC activities at the hospital e.g. personal hygiene, water and sanitation, waste management, immunization and maternal child welfare.

The facility was able to navigate through harsh economic hardships during the onset of Covid-19 pandemic where the facility required additional infrastructure, commodities and drugs, personal protective gears, strained human resource and capacity building the human resource. The main challenges we faced were lack of an isolation ward and oxygen.

Some of the successes we have achieved in the last one year include: renovation of the current maternity and labour ward, construction of ramps around the departments, procurement of equipment and installation of a modern incinerator.

During the year we faced various challenges including but not limited to: shortage of commodities and drugs, staff shortage, lack of enough space in most of the departments, underfunding, delayed funds, grounded ambulances, and dilapidated perimeter fence.



Jonathan Kalwa
Chairman, Board of Management

V. Report of The Chief Executive Officer

The financial year 2021/22 is a year of mixed fortunes, despite the growing number of cases of Non Communicable Diseases (NCDs) and COVID 19 outbreak, the hospital was able to conduct hospital MOPC outreaches on a monthly basis at Mavivye, Uvete, Kasikeu and Itumbule health centres. This has reduced the MOPC workload in the hospital and also saves patient time and transport. The hospital was also able to hold seven birth preparedness classes which was aimed at sensitizing mothers on advantages of hospital deliveries and focused antenatal clinic. This has increased our deliveries from 1747 in the last financial (2020-2021) year to 2074 this financial year (2021-2022). The hospital has been having special clinics both weekly and monthly follow ups. Medical out-patient and surgical out-patient clinics weekly are held on Wednesdays, Paediatrics out-patients weekly on Thursdays, Obstetrics gynaecological clinics weekly on Tuesdays and Dermatology clinics monthly. These clinics have enhanced service delivery at the hospital.

Key successes witnessed during the financial year include; Increase in out-patient workload from 43,387 Last financial years to 59,673 this financial year and the in-patient workload also increased from 2,670 last financial years to 3,641 this financial year. This was attributed to the hospital hiring 4 clinicians and 4 nurses. This has eased the out-patient congestion and also has improved the in-patient care. Renovation of maternity on April 2021 has increased the number of deliveries due to spacious delivery room which accommodated an extra delivery bed. There was also Introduction of M-PESA payment system which has helped to increase our FIF collection from ksh 5,416,630 in 2020/2021 FY to ksh 6,935,386 IN 2021/2022 FY. The hospital also managed to secure a donor who facilitated the Construction of an incinerator which has enabled efficient waste management and reduction of pollution. The hospital was also able to acquire equipment which included 2 oxygen concentrators, 4 oxygen cylinders, 2 pulse oximeters, 1 plaster cutter, 4 wheel chairs, and 3 digital BP machines which has enhanced the normal operation in the hospital.

Amid the great achievements, we faced challenges which included; great financial challenges following the covid19 pandemic where the sudden onset and nature of pandemic created a very difficult atmosphere. There was increase in demand for infrastructure like isolation wards, consumables like PPEs, gloves and masks, and also the need to capacity build and increase human resource. Generally, since then, there has been shortage of drugs and commodities. The facility faces limited space to accommodate both the administrative and curative services. In most offices, there is sharing and no privacy. This situation is worse

in the outpatient where there is crowding and lack of enough consultation rooms, limited space for medical records and congestion in some of the wards.

Underfunding and delayed disbursement of funds has affected the day to day operations of the hospital. The major expenditures in facility include but not limited to buying pharmaceuticals, Non pharmaceuticals, Dental and medical equipment, medical air and gases, maintenance of plant, building and equipment, casual and contracted professional wages, water and sewerage, bedding and linen, laboratory reagents, food and ration sanitary and cleansing, fuel for transport and production, publishing printing & general office supplies among others.

During 2021/2022 financial year, some of the ambulances remained grounded due to the need for major services and some had stretched beyond the recommended lifespan of 5years.

The current fence surrounding the facility is dilapidated and in a bad shape and as such we face insecurity and roaming domestic animals like pigs, cows, goats and sheep who have become a nuisance. The expansion is also limited due to encroachment by the hospital neighbours who took advantage of the un-surveyed land.

The facility also faces shortage of staff in various departments like nursing, medical, pharmacy and dental. This has increased the hospital expenditure on contracted professional services and locums. In nursing, some departments are manned by one nurse leading to overworking and decreased quality of care in the combined departments.

The way forward and outlook of the hospital cannot be discussed without having a Master plan and a strategic plan in place, currently the buildings are scattered all over the land. There is a need to fast track the issuance of the title deed to secure the hospital land some of which has been already encroached.

There's also need to have a perimeter fence around the hospital. The current fence is dilapidated and in a bad shape causing insecurity and roaming domestic animals like pigs, cows, goats and sheep has become a nuisance. The facility being on Mombasa Nairobi Highway and bordering Kajiado County receives both trauma related cases and medical emergencies and therefore we require an Accident and Emergency unit to handle such emergencies. The unit should offer integrated services such as rehabilitative services i.e. Occupational therapy, Physiotherapy orthopaedic trauma and plaster. Other departments include pharmacy, records etc. this will decongest the currently crowded/congested outpatient department.

During the last financial year, the facility handled 2074 skilled deliveries both SVD and Caesarean sections. Due to this increase in deliveries and management of new-borns and the mothers post-delivery, there is

Sultan Hamud Sub County Hospital (Makueni County Government)
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need for a maternity unit to handle both pre and post-natal care. Currently the hospital does not have decent paediatric and male wards as per our level of care.

Our facility being established in the year 1963, most of the buildings are dilapidated hence requiring a face-lifting. The roofing in most of the structures is made of asbestos which is a public health hazard according to WHO and requires removal and disposal. There's also need to put cabro pavement, painting and minor renovations and repairs.

Having grown from a Health Centre to a level 4 facility, this requires additional staff, specialized staff in tandem with the level of care and according to WHO staffing Norms and Standards. The limited staff are currently facing burnout, are demotivated and therefore staff motivation activities like team building, locums, benchmarking, awarding best performing staff and end year parties will come in handy.

All the above activities may not be realized unless there is timely and adequate disbursement of funds to the hospital, coupled with good management of the disbursed funds.

Dr. Jane Mwendu.

Medical superintendent- Sultan Hamud Sub-County Hospital



I. Statement of Performance Against Predetermined Objectives

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

Sultan Hamud sub-county hospital has four strategic pillars and objectives within the current Strategic Plan for the FY 2021- 2022. These strategic pillars are as follows;

- a) Reduce communicable conditions
- b) Stop and reverse the rising burden of non-communicable conditions
- c) Minimize exposure to health risk factors
- d) Provide essential health services

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Reduce communicable conditions	Reducing transmission of HIV.	The hospital commits to reduce new HIV/AIDS infections	Scaling up HIV testing and counselling services in sultan hospital	98% achievement
	Reducing transmission of TB	Early identification of 55 new TB patients (30%)	Early identification of 55 new TB patients (30%)	98% achievement
Stop and reverse the rising burden of non-communicable conditions	Prevention of Alcohol and Drug Abuse	Reach out to 3,000 people through counselling services (50%) 2.Mainstream counselling	Community mobilization and sensitization	99% achievement

*Sultan Hamud Sub County Hospital (Makueni County Government)
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		intervention in all departments (50%)		
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	Reducing average length of hospital stay Reducing facility based maternal mortality rate	The hospital commits to reduce the average length of hospital stay from 5.2 days to 5 days through. The hospital commits to reduce facility maternal mortality rate from 1 to 0 persons through strengthening MPDSR by ensuring:	Preparing hygiene protocols for all wards (50%) Holding monthly mortality audits (50%) Monthly reporting from the hospital committees (100%)	100% achievement Monthly reports done

VI. Corporate Governance Statement

At Sultan sub-county hospital, the practice of good corporate governance ensures the delivery of quality services as well as meeting the needs of our stakeholders. Sultan sub-county hospital is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met through the adoption of ethically driven business policies, procedures and processes.

We believe that our services should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financial performance as well as provide the leadership and effective governance for the hospital.

The hospital is run by a health management committee appointed by the CEC department of health services Makueni County. The committee is charged with a mandate of

- Oversight and administrative supervision
- Promoting development
- To approve plans, programmes and budgets for implementation

The committee has three sub committees appointed among the members i.e. Finance and general purpose committee comprising of four members, Primary and quality healthcare comprising of eight members

The committee members hold meetings once every quarter and are entitled to a sitting allowance and transport refund.

II. Management Discussion and Analysis

Sultan Sub County Hospital has put in efforts to better service delivery to the people. The hospital is engaged in the operational performance and the financial performance of the hospital.

Clinical/operational performance

Sultan Hamud Sub County Hospital recorded zero mortality rates for the FY 2019/2020 and 2020/2021. It however recorded 1 death in the FY 2021/2022 causing an average mortality rate of 0.72. The average length of stay of patients in hospital has been 6 days for the last 3 financial years. Other aspects of clinical performance are as discussed below.

a) Bed capacity

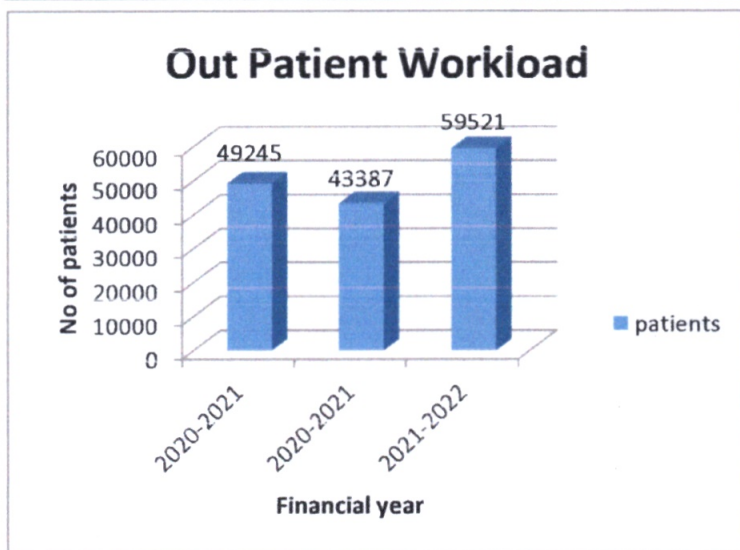
Sultan sub-county hospital has a bed capacity of 48 as per the analysis below. The bed capacity has not changed for the last 3 years due to limited infrastructural expansion. However, the hospital has lobbied for construction of a new ward.

F/Y 21/22	Medical	Paediatrics	Maternity	Nursery/New-born	Total
Beds -Authorized	21	6	18	3	48
Beds- Actual physical	21	6	18	3	48
Cots- Authorized	0	4	1	4	9
Cots-Actual physical	0	4	1	4	9
Incubator authorized	0	0	0	4	4
Incubator- Actual	0	0	0	4	4

b) Overall patient attendance

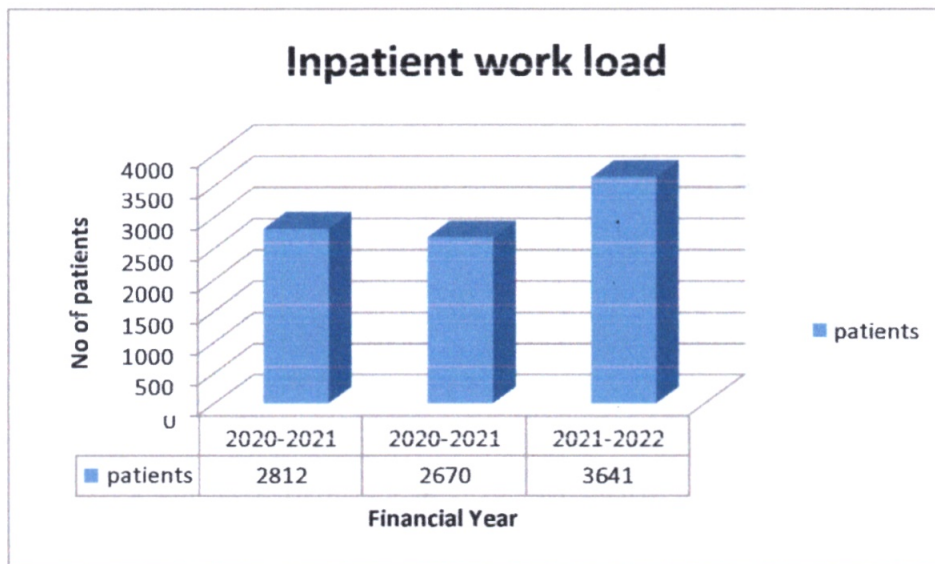
i) Outpatient

The outpatient attendance has been comparatively highest in the FY 2021/22 with a work load of 59,521 patients. The covid 19 positivity rate had declined and normal operations resumed in the FY 2021/22. The out-patient workload appeared to decrease in the 2020-2021 FY attributable to the covid 19 pandemic where most people were afraid of coming to the hospital.



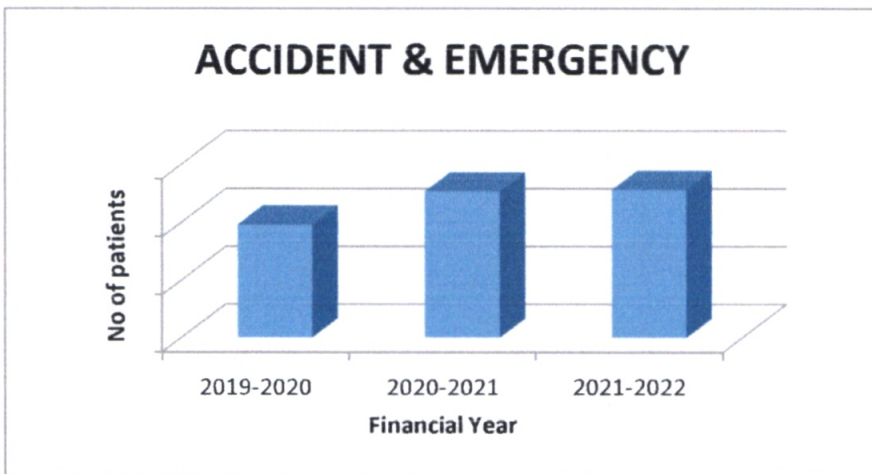
ii) Inpatient

The inpatient workload was comparatively highest in the FY 2021/22 with an inpatient enrolment of 3,641 patients as represented below. The in-patient workload appeared to decrease in the 2020-2021 FY. This could be attributed to the covid 19 pandemic where most people were afraid of coming to the hospital. The workload rose again in 2021-2022 when the positivity rate declined and normal operations resumed.



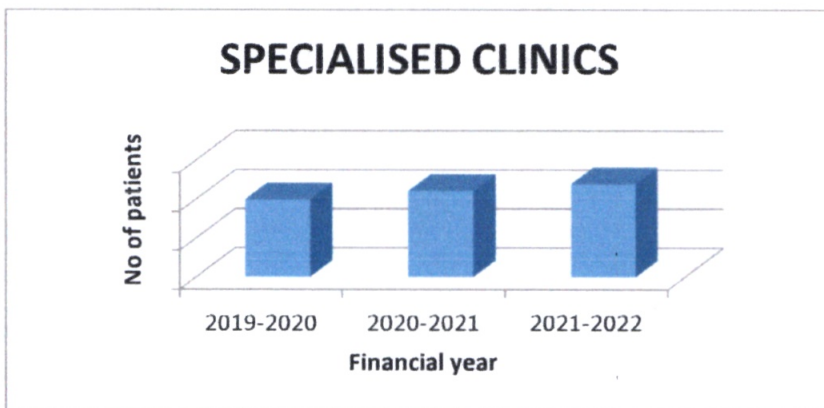
a) Accident and Emergency (Casualty)

The accident and emergency cases appeared to rise steadily from 9,800 patients in FY 2019/2020 to 12,818 patients in the FY 2021/2022. This could be attributed to increasing number of accident cases in our roads. Sultan sub-county hospital serves a big catchment area along the Nairobi Mombasa highway. The services offered include Dressing, Injection, Stitching and Removal of stitches



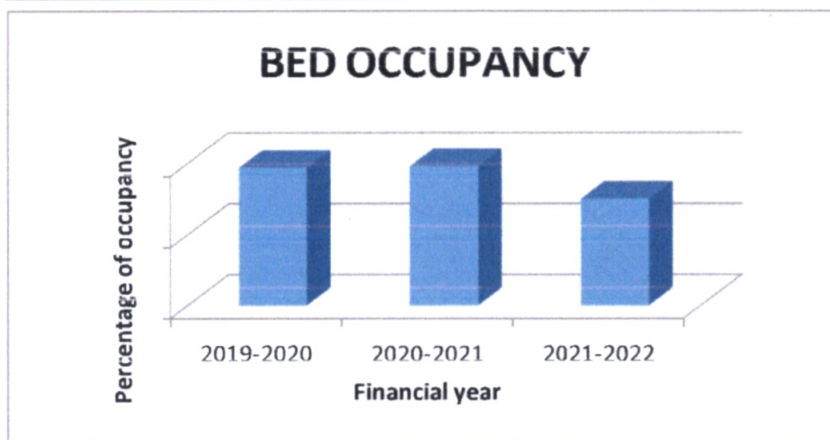
b) Specialised clinic attendance

The number of patients attended to under the specialised clinics increased over the period with a 20% from the FY2019/2020 and 2021/22. This attributed to increase of the number of clinics like GOPC, and the paediatric clinics that were introduced in 2021. The facility has also grown and a higher workload was experienced.



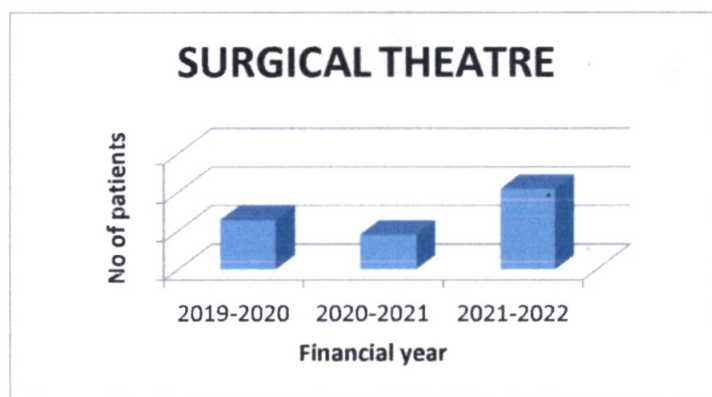
c) Bed occupancy rate

Sultan sub county hospital had 97% occupancy in FY 2019/2020, 98% in FY 2020/2021 and a 75% occupancy in FY 2021/2022. The decrease in the 2021/2022 occupancy could be attributed to a low workload brought about by equipping the local health centres that serve patients who initially came to sultan sub-county hospital.



d) Surgical Theatre Utilisation

The number of operations carried out increased overtime with a decline in 2020/2021 FY, attributable to Covid 19 pandemic which caused a low work load.



e) Sponsorships and partnerships

Sultan sub county hospital has 3 members of staff employed by CHS

Financial performance

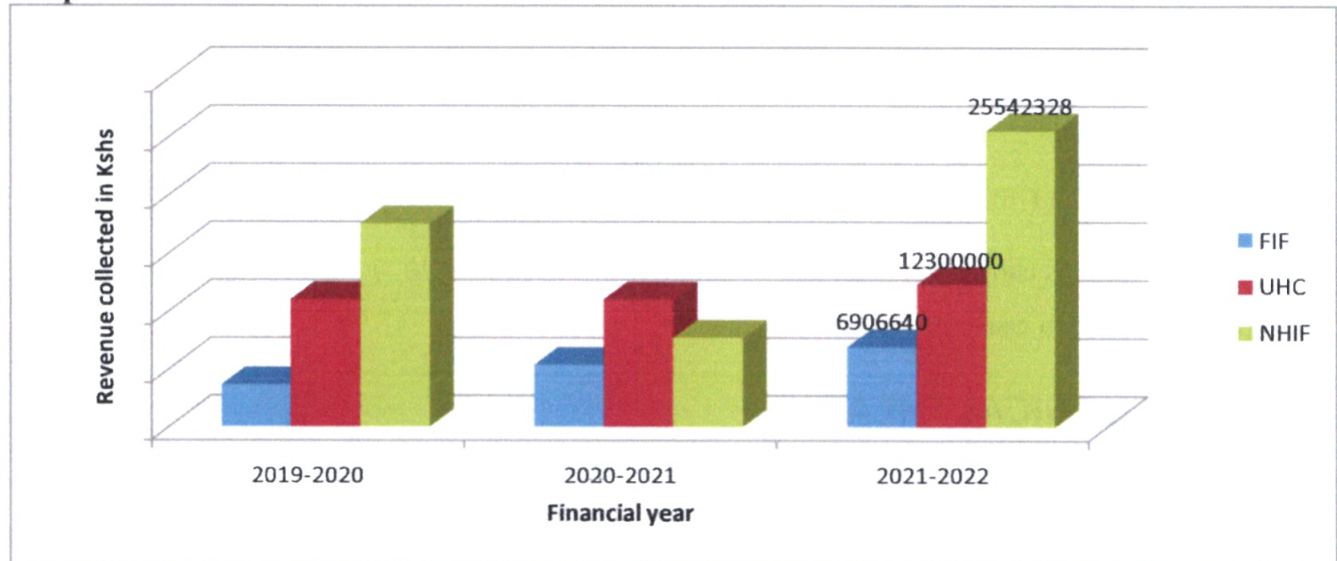
a) Revenue sources

Sultan Sub County Hospital has 3 main sources of revenue which is the FIF (facility improvement fund), UHC collections, and NHIF receipts collections. The FIF collection has increased over a period of 3 years from Kshs 3,652,790 in FY 2019/2020 to Kshs 6,906,640 in the FY 2021/2022. The increase could be attributed to the growth of the facility and increase of workload.

The UHC fund was maintained almost at the same level with a slight increase in the financial year 2021-2022. The funds from NHIF demonstrate an erratic trend which is mostly caused by the inconsistent disbursement of Linda mama funds to NHIF by the national treasury.

A graphical representation of total revenues for the three years demonstrate a deep decline in revenues in the financial years 2020-2021 occasioned by poor re-imbursement of NHIF claims in that year. The level of re-imbursement increased in the financial year 2021-2022 where a significant increment was realised as shown below:

Hospital revenues

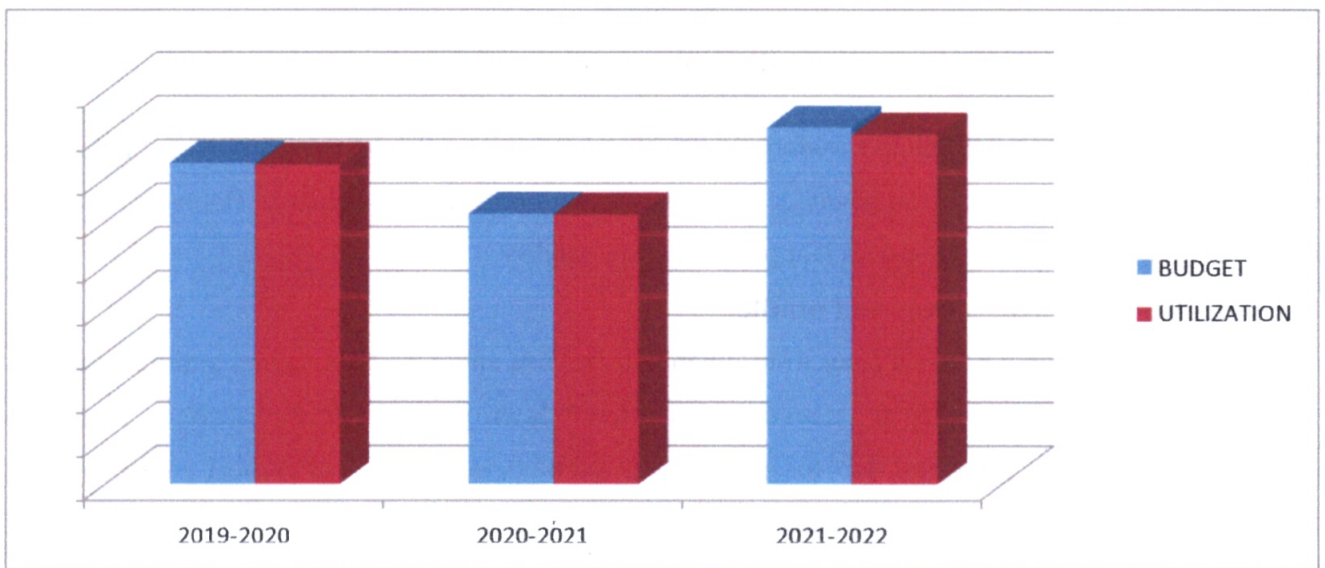


b) Utilisation of funds

The percentage of utilisation of funds to the budget has been 99% for FY 2019/2020 and 2020/2021 and 98% for the financial year 2021/2022. The expenditure in amounts however recorded a decline in the FY 2020/2021 due to the poor collections of NHIF funds for the year.

TOTAL BUDGETS -ALL REVENUE			
YEAR	BUDGET	UTILIZATION	ABSORPTION RATE
2019-2020	36,751,033	36,526,503	99%
2020-2021	30,905,981	30,828,080	99%
2021-2022	40,750,069	39,930,371	98%

Sultan Hamud Sub County Hospital (Makueni County Government)
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JM

Dr. Jane Mwende.
Medical superintendent- Sultan Hamud Sub-County Hospital

SULTAN HAMUD SUB-COUNTY HOSPITAL
P. O. Box 253 - 90132, SULTAN HUMUD
05 JUL 2024
MEDICAL SUPERINTENDENT

III. Environmental And Sustainability engagements

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

i) Sustainability strategy and profile

Sultan sub-county hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. In order to deliver on these priorities, the Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates.

ii) Environmental performance

The hospital has invested heavily in management of waste. This was actualised by the purchase of a high powered incinerator with a capacity to handle bulk of waste in the facility. The department of public health and sanitation is in charge of waste management

iii) Employee welfare

The facility ensures all staff is facilitated to attend refresher course trainings with support from the county government in order to enhance their skills. All employee emoluments are also paid on time. The county trains and supports both short term and long term courses

iv) Market place practices

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations.

Sultan Hamud sub county hospital has made efforts to promote:

a) Responsible competition practice.

The hospital being an independent procuring entity prequalifies suppliers under different needs. The framework agreements cover 2 to 3-year periods. This ensures fair competition, guarantees business and minimizes corruption. The hospital is guided by the County treasury to ensure compliance with regulations and refrain from any political involvement.

b) Responsible Supply chain and supplier relations

The procurement department is responsible for procurement and asset disposal processes. The head of the unit reports to the accounting officer through the administrator. Suppliers can raise concerns either verbally or in writing whenever there is an issue. Payments to suppliers are done equitably without favour or undue influence.

c) Responsible marketing and advertisement

The hospital requires organizations marketing their products and services to seek approval from hospital top administration before engaging staff. The hospital guided by health policy restricts and prohibits marketing of services or products that have been blacklisted e.g. infant formula and breast milk substitutes

d) Product stewardship

Acquisition of health products is guided by national policy especially Kenya Essential Medicine List updated regularly. Purchases are done from reputable main distributors to assure consumer safety and rights.

v) Corporate Social Responsibility / Community Engagements

The commitment of Sultan Sub County Hospital (SSCH) to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. SSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. SSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The hospital through health promotional activities engages communities to create awareness on NCDs, COVID 19 and other health educations etc. This ensures citizen visit health facilities for screening early enough before situations become worse.

IV. 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 Sultan Sub County Hospital affairs. The board acts as a bridge between the community and the hospital whereby community interests are taken care of. We articulate health issues to the community in a way they can understand. The board meets on a quarterly basis to review performance, primary health care and budgeting. We also approve departmental work plans developed by the heads of departments. These work plans are derived from the annual work plans of the facility.

During the year 2021/2022 our outpatient workload increased from 43,387 last financial years to 59,673 this financial year and our inpatient workload also increased from 2,670 last financial year to 3,641 this financial year. This is attributed by the hospital hiring 4 clinicians and 4 nurses which has eased the outpatient congestion and also has improved the inpatient care. Renovation of maternity on April 2021 increased the number of deliveries due to spacious delivery room which accommodated an extra delivery bed. Operationalization of mortuary since July which has eased the problems of bodies overstaying in the ward before the relatives collect the bodies which was causing more trauma to the patients left behind in the wards and also has helped in increasing the collection. Introduction of MPESA has helped to increase our FIF collection from ksh 5,416,630 last financial to ksh 6,935,386 this has curb loss of revenue.

The facility faces limited space to accommodate both the administrative and curative services. In most offices, there is sharing and no privacy. This situation is worse in the outpatient where there is crowding and lack of enough consultation rooms, limited space for medicals records and congestion in some of the wards. Underfunding and delayed disbursement of funds has affected the day to day operations of the hospital. The major expenditures in facility include but not limited to buying pharmaceuticals, Non pharmaceuticals, Dental and medical equipment, medial air and gases, maintenance of plant building and equipment, casual and contracted professional wages, water and sewerage, bedding and linen, laboratory reagents, food and ration sanitary and cleansing, fuel for transport and production, publishing printing and general office supplies among others.

Having grown from a Health Centre to a level 4 facility, this requires additional staff, specialized staff in tandem with the level of care and according to WHO staffing Norms and Standards. The limited staff are currently facing burnout, are demotivated and therefore staff motivation activities like team building, locums, benchmarking, awarding best performing staff and end year parties will come in handy.

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

The principal activities of the entity are; Provision of quality healthcare, Guiding and counselling, Reproductive health, maternal health and Public health and sanitation

Results

The results of the entity for the year ended June 30 are set out on page 1-8

Board of Management

The members of the Board who served during the year are shown on page V11-VIII

Auditors

The Auditor General is responsible for the statutory audit of the sultan sub-county hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Dr. Jane Mwende
Secretary of the Board- Sultan Hamud sub county Hospital



V. 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 Sultan sub-county hospital, which give a true and fair view of the state of affairs of the Sultan sub-county hospital at the end of the financial year/period and the operating results of Sultan sub-county hospital for that year/period. The Board of Management is also required to ensure that Sultan sub-county hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Sultan sub-county hospital. The council members are also responsible for safeguarding the assets of the Sultan sub-county hospital.

The Board of Management is responsible for the preparation and presentation of the Sultan sub-county hospital financial statements, which give a true and fair view of the state of affairs of the Sultan hamud sub-county hospital 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 Sultan hamud sub-county hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Sultan hamud sub-county hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Sultan hamud sub-county hospital financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2022, and of the Sultan hamud sub-county hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Sultan hamud sub-county hospital, which has been relied upon in the preparation of the Sultan sub-county hospital 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 Sultan hamud sub-county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 5/7/24 and signed on its behalf by:

.....
Jonathan Kalwa
Chairperson
Board of Management

JA
.....
Dr Jane Mwende
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 SULTAN HAMUD SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sultan Hamud Sub County Level 4 Hospital - County Government of Makueni set out on pages 1 to 46, which comprise of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sultan Hamud Sub County Level 4 Hospital - County Government of Makueni 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, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs of Kshs.10,099,000 for casuals and contractual staff as disclosed in Note 15 to the financial statements. The Hospital also received services from medical staff employed and paid for by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.10,099,000 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,880,676 as disclosed in Note 26 to the financial statements. However, review of the bank reconciliation statements for June, 2022 revealed that cheques amounting to Kshs.65,751 and Kshs.85,360 for the recurrent account and Facilities Improvement Fund (FIF) account respectively were stale and had not been reversed in the cash book at the close of the year. Further, closing cashbook balance for the recurrent account for the month of June, 2022 was Kshs.3,864 while the opening balance for the subsequent month (July, 2022) was Kshs.73,615 resulting to an unexplained variance of Kshs.69,751.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,880,676 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.4,692,522 as disclosed in Note 30 to the financial statements. However, the facility has movable and non-movable assets of undetermined value relating to land, buildings,

furniture and fittings and computers which were not valued and disclosed in financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.4,692,522 could not be confirmed.

4. Encroachment of Hospital Land

Review of Hospital records revealed that the Hospital's land had been encroached on by a private developer. The developer has put up a residential house on the land parcel while approved development plan No.14 of 1987, PDP reference No. MKS 87/86/1 indicate that the earmarked area was re-planned from residential plots to the extension of the existing health facility thereby exposing the hospital to likely loss of the property.

In the circumstances, legal ownership to the encroached on hospital land could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements of the Hospital for the financial year ended 30 June, 2022 were submitted for audit on 6 April, 2023, six (6) months later than the statutory deadline. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within three months after the end of the financial year.

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

2. Incomplete Asset Register

The summary of fixed assets register provided for audit did not reflect all the assets including land, buildings, motor vehicles and motor cycles owned by the Hospital and their value as at 30 June, 2022. Further, the assets register in some instances did not reflect the values, tag numbers among other details as required. This was contrary to Regulations 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws and Regulation 136(2) which requires that the register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In the circumstances, the effectiveness of controls over the safeguard assets, could not be confirmed while Management was in breach of the law.

3. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.6,916,606 in relation to the rendering of services - medical income as disclosed in Note 10 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor General. This was contrary to Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

4. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the tie of audit in April, 2024 revealed that the Hospital did not meet the requirement of Kenya Quality Model for Health Policy Guidelines due to staff deficits by fifty-one (51) or 50% of the authorized establishment.

Personnel	Level 4 Standard	Actual Numbers	Variance	Percentage %
Medical Officers	16	4	12	75
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100

Personnel	Level 4 Standard	Actual Numbers	Variance	Percentage %
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	46	29	39
Total	101	50	51	50

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

Services	Required	In-Post	Variance	Percentage %
Incubators (New Born)	5	4	1	20
Cots	5	2	3	60
Resuscitaire in Theatre	1	1	0	
Resuscitaire in Labour Ward	2	2	0	
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machine	5	0	5	100
Functional Operating Theatres Maternity and General Surgeries	2	1	1	50

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Expired Pharmaceutical Supplies and Storage

Review of records maintained at the Hospital in April, 2024 revealed that the facility had in store expired pharmaceutical products of undetermined value as analysed below:

Item Description	Expiry Date	Batch Number	Quantity
Levonorgestrel and estradiol tablets	November, 2022	LE427492	354 cycles
Levonorgestrel 0.03mg tablets	February, 2023	HF807	9 cycles
Lopinavir/ritonavir tablets 200mg/50mg	April, 2024	8130102	4440 tablets

Further, the storage space for pharmaceuticals and non-pharmaceuticals was inadequate with no air conditioner in the non-pharmaceuticals store to regulate the temperature.

In the circumstances, the effectiveness on internal controls and risk management on drugs management could not be confirmed.

2. Lack of Risk Management Policy

During the year under review, the Hospital operated without a documented risk management policy framework. In addition, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on the entity’s operation. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the internal controls and risk management of the Hospital may not be effective.

3. Lack of Internal Audit Function

Review of the Hospital’s governance system revealed that the Hospital does not have an Internal Audit Unit but relies on the services of the County Executive Internal Audit. However, there was no evidence of internal audit reports in the year ended 30 June, 2022. In addition, there was no Internal Audit Committee in place. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires County Government entities to establish an audit committee in accordance with prescribed regulations to monitor the entities governance

process, accountability process and control systems, offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, the internal controls, risk management and governance of the Hospital may not be effective.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

27 June, 2024

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

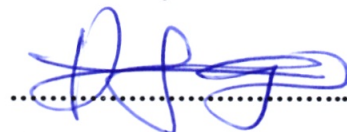
VII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	12,300,000	-
In- kind contributions from the County Government	7	1,509,058	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	8	-	-
Public contributions and donations	9	-	-
		13,809,058	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	10	6,916,606	-
Revenue from rent of facilities	11	-	-
Finance /Interest Income	12	-	-
Other income (specify)	13	25,541,358	-
Revenue from exchange transactions		32,457,964	-
Total revenue		46,267,022	-
Expenses			
Medical/Clinical costs	14	17,950,545	-
Employee costs	15	10,099,000	-
Board of Management Expenses	16	280,500	-
Depreciation and amortization expense	17	1,030,261	-
Repairs and maintenance	18	3,342,412	-
Grants and subsidies	19	-	-
General expenses	20	9,445,958	-
Finance costs	21	-	-
Total expenses		42,148,676	-
Other gains/(losses)			
Gain on disposal of non-Current assets	22	-	-
Unrealized gain on fair value of investments	23	-	-

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Medical services contracts Gains/Losses	24	(1,986,890)	-
Impairment loss	25	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(1,986,890)	-
Net Surplus for the year		2,131,456	-
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		2,131,456	-
		2,131,456	-

The Hospital's financial statements were approved by the Board on 5/7/24 and signed on its behalf by:



Jonathan Kalwa
Chairman
Board of Management



Micheal Muange
Head of Finance
ICPAK No.8331



Dr. Jane Mwende
Accounting Officer
Medical Superintendent



Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

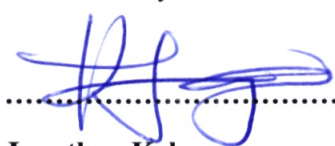
VIII. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	6,880,676	-
Receivables from exchange transactions	27	-	-
Receivables from non-exchange transactions	28	-	-
Inventories	29	3,808,156	-
Total Current Assets		10,688,832	-
Non-current assets			
Property, plant, and equipment	30	4,692,522	-
Intangible assets	31	-	-
Investment property	32	-	-
Total Non-current Assets		4,692,522	-
Total assets		15,381,354	-
Liabilities			
Current liabilities			
Trade and other payables	33	-	-
Refundable deposits from customers/Patients	34	-	-
Provisions	35	-	-
Finance lease obligation	36	-	-
Current portion of deferred income	37	-	-
Current portion of borrowings	38	-	-
Total Current Liabilities		-	-
Non-current liabilities			
Long Term Borrowings	39	-	-
Non-Current Finance lease obligation	40	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39(a)	-	-
Service concession liability	39	-	-
Total Non-current liabilities		-	-
Total Liabilities		-	-
Net assets		15,381,354	-
Revaluation reserve		-	-

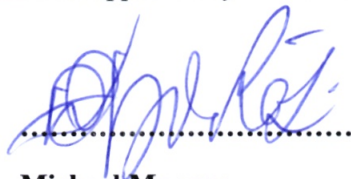
Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Accumulated surplus/Deficit		2,131,456	-
Capital Fund		13,249,898	-
Total Net Assets and Liabilities		15,381,354	-


The Hospital's financial statements were approved by the Board on 5/7/24 and signed on its behalf by:



Jonathan Kalwa
Chairman
Board of Management



Michael Muange
Head of Finance
ICPAK No.8331

5/7/24


Dr. Jane Mwende
Accounting Officer
Medical Superintendent

ACCOUNTANT
 SULTAN HAMUD SUB-COUNTY HOSPITAL
 05 JUL 2024
 P. O. Box 253 - 90132, SULTAN HUMUD


SULTAN HAMUD SUB-COUNTY HOSPITAL
 P. O. Box 253 - 90132, SULTAN HUMUD
 05 JUL 2024
 MEDICAL SUPERINTENDENT

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022


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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,131,456	-	2,131,456
Capital/Development grants	-	-	13,249,898	13,249,898
At June 30, 2022	-	2,131,456	13,249,898	15,381,354


The Hospital's financial statements were approved by the Board on 5/7/24 and signed on its behalf by:



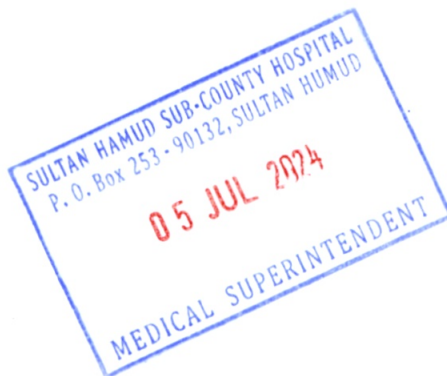
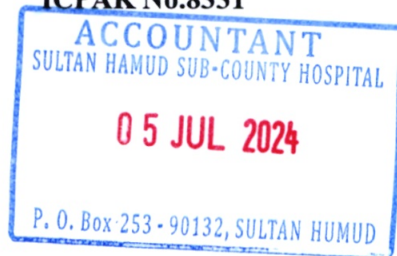
Jonathan Kalwa
 Chairman
 Board of Management



Micheal Muange
 Head of Finance
 ICPAK No.8331



Dr. Jane Mwende
 Accounting Officer
 Medical Superintendent



Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

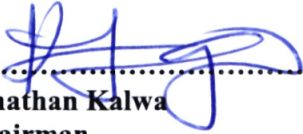
X. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22 Kshs	2020/21 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	12,300,000	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	
Public contributions and donations		-	-
Rendering of services- Medical Service Income	10	6,916,606	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Other receipts(specify)	13	25,541,358	-
Total Receipts		44,757,964	-
Payments			
Medical/Clinical costs	14	17,950,545	-
Employee costs	15	10,099,000	-
Board of Management Expenses	16	280,500	-
Repairs and maintenance	18	3,342,412	-
Grants and subsidies		-	-
General expenses	20	7,936,900	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		39,609,357	-
Net cash flows from operating activities	40	5,148,607	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(331,700)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-

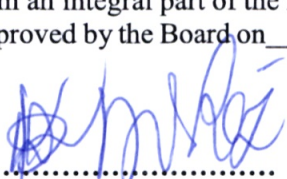
Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Net increase/(decrease) in cash and cash equivalents			-
Cash and cash equivalents at 1 July	26	2,063,769	-
Cash and cash equivalents at 30 June	26	6,880,676	-


The notes set out on pages 26 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 5/7/24 and signed on its behalf by:



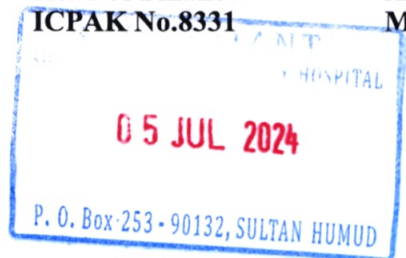
Jonathan Kalwa
 Chairman
 Board of Management



Micheal Muange
 Head of Finance
 ICPAK No.8331



Dr. Jane Mwende
 Accounting Officer
 Medical Superintendent



Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

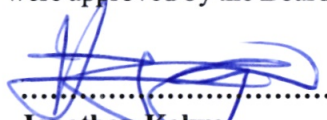
XI. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

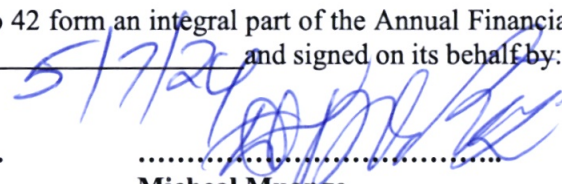
Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	12,300,000	-	12,300,000	12,300,000	-	%
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	7,862,321	-	7,862,321	6,916,606	945,715	88%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	
Other receipts (<i>NHIF</i>)	20,587,748	-	20,587,748	25,541,358	(4,953,610)	124%
Total income	40,750,069	-	40,750,069	44,757,964	(4,007,895)	109%
Expenses					0	
Medical/Clinical costs	23,134,349	-	23,134,349	17,950,545	5,183,804	98%
Employee costs	10,106,800	-	10,106,800	10,099,000	7,800	99%
Remuneration of directors	288,720	-	288,720	280,500	8,220	97%
Repairs and maintenance	3,497,098	-	3,497,098	3,342,412	154,686	95%
Grants and subsidies	00	-	00	00	0	%
General expenses	3,391,402	-	3,391,402	7,936,900	(4,545,498)	97%
Finance costs	-	-	-	-	-	
Refunds	-	-	-	-	-	
Surplus for the period	331,700	-	331,700	5,148,607		
Capital expenditure	331,700	-	331,700	331,700	-	100%

Budget notes

The difference between the original and final budget is due to the difference between the actual AIE'S authorised and the actual income for the financial year 2021-2022. This is because the first AIE for FIF and NHIF is issued using the previous 3 months income before the start of the financial year

The notes set out on pages 24 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 5/7/24 and signed on its behalf by:


.....
Jonathan Kalwa
Chairman
Board of Management


.....
Micheal Muange
Head of Finance
ICPAK No.8331


.....
Dr. Jane Mwende
Accounting Officer
Medical Superintendent

ACCOUNTANT
SULTAN HAMUD SUB-COUNTY HOSPITAL
05 JUL 2024
P. O. Box 253 - 90132, SULTAN HUMUD

SULTAN HAMUD SUB-COUNTY HOSPITAL
P. O. Box 253 - 90132, SULTAN HUMUD
05 JUL 2024
MEDICAL SUPERINTENDENT

XII. Notes to the Financial Statements

1. General Information

Sultan sub county hospital was established by and derives its authority and accountability from health Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of health care services.

2. Statement of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospitals accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the sultan sub county hospital.

The financial statements have been prepared in accordance with the PFM Act, 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

Sultan Hamud Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	<p>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 2021/22

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.

Notes to the Financial Statements (Continued)

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 12th July 2021. 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. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c) Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d) Investment property

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

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

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the Current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually

on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

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 imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant (UHC)	12,300,000	-
Level 5 grants	-	-
Other grants	-	-
	12,300,000	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	12,300,000	-

6a Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Makueni County Government	12,300,000	00	00	12,300,000	-
Total	12,300,000	00	00	12,300,000	-

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	1,509,058	-
Total grants in kind	1,509,058	-

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These include payments made directly by the County Governments for staff salaries, medical drugs and utilities

. Grants from Donors and Development Partners

Description	2021/22	2020/21
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>polish aid</i>)	-	-
Total grants from development partners	-	-

(The funds were provided by the polish embassy for procurement of an incinerator)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g. POLISH AID	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

8. Transfers from Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from other National Hospital	-	-
Transfer from other Institute	-	-
Total Transfers	-	-

9. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-

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Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a) Reconciliations of amortised grants

Description	2021/22	2020/21
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

10. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	2,315,490	-
Non-Pharmaceuticals	-	-
Laboratory	1,002,040	-
Radiology	1,053,750	-
Orthopedic and Trauma Technology	-	-
Theatre	21,500	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	145,300	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	165,550	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income	2,212,976	-
Total revenue from the rendering of services	6,916,606	-

(Other medical services fee relates to other charges not listed above and are tabulated in appendices VI)

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11. Revenue From Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

12. Finance /Interest Income

Description	2021/22	2020/21
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

13. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries (NHIF)	25,541,358	-
Insurance recoveries-Makueni care	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc.)	-	-
Total other income	25,541,358	-

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Notes to the Financial Statements (Continued)

14. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	648,500	-
Laboratory chemicals and reagents	1,324,074	-
Public health activities	-	-
Food and Ration	6,195,550	-
Uniform, clothing, and linen	142,900	-
Dressing and Non-Pharmaceuticals	5,050,865	-
Pharmaceutical supplies	339,697	-
Health information stationery	2,348,865	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	997,670	-
Purchase of Medical gases	309,538	-
X-Ray/Radiology supplies	582,200	-
Other medical related clinical costs (<i>specify</i>)	10,686	-
Total medical/ clinical costs	17,950,545	-

(Other medical/clinical related costs refer to all other costs involved in management of the patients directly not analysed above.)

15. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	9,579,830	-
Contributions to pension schemes (NSSF)	270,420	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover (NHIF)	248,750	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	10,099,000	-

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

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Notes to the Financial Statements (Continued)

16. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	160,500	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	00	-
Travel and accommodation allowance	120,000	-
Airtime allowances	-	-
Total	280,500	-

17. Depreciation and Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	1,030,261	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,030,261	-

18. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	1,250,114	-
Medical equipment	1,165,720	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	722,900	-
Motor vehicle expenses	203,678	-
Maintenance of civil works	-	-
Total repairs and maintenance	3,342,412	-

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Notes to the Financial Statements (Continued)

19. Grants and Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

20. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	30,000	-
Catering expenses	145,870	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	117,475	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	1,018,940	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	28,120	-
Printing and stationery	669,940	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	799,690	-
Skills development levies	00	-
Telephone and mobile phone services	341,250	-
Internet expenses	447,100	-

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Description	2021/22	2020/21
	KShs	KShs
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Other general expenses	4,338,515	-
In kind contributions from county government	1,509,058	-
Total General Expenses	9,445,958	-
Total general expenses less in kind	7,936,900	-

(Other general expenses are elaborated in in appendices VII)

21. Finance Costs

Description	2021/22	2020/21
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

22. Gain/Loss On Disposal Of Non-Current Assets

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

23. Unrealized Gain On Fair Value Investments

Description	2021/22	2020/21
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

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Notes to the Financial Statements (Continued)

24. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(1,986,890)	-
Total Gain/Loss	(1,986,890)	-

25. Impairment Loss

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

26. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	6,880,676	2,063,769
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	6,880,676	2,063,769

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

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Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KSh s	KShs
a) Current account			
Kenya Commercial bank	1147172730	6,876,812	-
Kenya Commercial bank	1147172978	3,864	-
Equity Bank, etc			
Sub- total		6,880,676	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		6,880,676	-

27. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables	-	-

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Notes to the Financial Statements (Continued)

28. Receivables From Non-Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

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

29. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	2,244,633	-
Maintenance supplies	-	-
Food supplies	85,730	-
Linen and clothing supplies	-	-
Cleaning materials supplies	62,370	-
General supplies	197,900	-
Dressing and non-pharmaceuticals	1,217,523	-
Less: provision for impairment of stocks	(-)	(-)
Total	3,808,156	-

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Notes to the Financial Statements (Continued)

30. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	250,000	375,000	400,000	-	1,025,000
Additions	-	997,013	-		610,000	3,885,000	-	5,492,013
Disposals	(-)	(-)	(-)	(-)	0	-0	(-)	(-)
Transfers/adjustments	-	-	(-)					(-)
At 30th June 2021	-	997,013	-	250,000	985,000	4,285,000		6,517,013
At 1 st July 2021	-	997,013	-	250,000	985,000	4,285,000	-	6,517,013
Additions	00	-	-	-	331,700	-	-	331,700
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments		00		00			(--)	-
At 30th June 2022	00	997,013	00	250,000	1,316,700	4,285,000	-	6,848,713
Depreciation and impairment								
At 1 July 2020	00	00	00	31,250	124,875	50,000		206,125
Depreciation for the year	00	24,925	00	31,250	328,005	535,625		919,805
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(00)

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Description	Land	Buildings and Civil works	Moto r vehicl es	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At 30 June 2021	00	24,925	00	62,500	452,880	585,625	-	1,125,930
At July 2021	-	24,925	-	62,500	452,880	585,625	-	1,125,930
Depreciation for the year	-	24,925	-	31,250	438,461	535,625		1,030,261
Depreciation	-	-	-	-	-	-		-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		00	-	00	-	-	(-)	(-)
At 30th June 2022	00	49,850	00	93,750	891,341	1,121,250	-	2,156,191
Net book values								
At 30 th June 2021	-	972,088	-	187,500	532,120	3,699,375	-	5,391,083
At 30 th June 2022	-	947,163	-	156,250	425,359	3,163,750	-	4,692,522

Notes to the Financial Statements (Continued)

31. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

32. Investment Property

Description	2021/22	2020/21
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	(-)	(-)
At end of the year	-	-

33. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	-	-
Employee dues	-	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	-	-

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Notes to the Financial Statements (Continued)

34. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (<i>specify</i>)	-	-
Total deposits	-	-

35. Provisions

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

36. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

37. Deferred Income

Description	2021/22	2020/21
	KShs	KShs
Current Portion		
Non-Current Portion	-	-
Total		

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

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

38. Borrowings

Description	2021/22	2020/21
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

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Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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

39. Service Concession Arrangements

Description	2021/22	2020/21
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	-	-

40. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	2,131,456	-
Adjusted for:		
Depreciation	1,030,261	-
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	-	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(415,216)	-
Increase in receivables	2,402,106	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	5,148,607	-

41. Financial Risk Management

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

(i) Credit risk

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

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Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	2,402,106	2,402,106	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	2,063,769	2,063,769	-	-
Total	4,465,875	4,465,875	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	6,880,676	6,880,676	-	-
Total	6,880,676	6,880,676	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

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

(ii) Liquidity risk management

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

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

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

a) Foreign currency risk

The hospital does not face any transactional currency exposures. It purchases goods and services in the local currency.

b) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

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

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	2,131,456	-
Capital reserve	13,249,498	-
Total funds	15,381,354	-
Total borrowings	-	-
Less: cash and bank balances	6,880,676	-
Net debt/ (<i>excess cash and cash equivalents</i>)	(6,880,676)	-
Gearing	0%	0%

42. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Health
- iii) Government of Makueni County;
- iv) The County department of Health services
- v) Hospital Management Committee;
- vi) Hospital Executive Expenditure Committee
- vii) Hospital Management Team

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to Related parties	-	-
Sales of services to related parties	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	12,300,000	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	12,300,000	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages	-	-
Payments for goods and services	-	-

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Total	-	-
d) Key management compensation		
Board Committee Allowances	280,500	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	280,500	-
Total	12,580,500	-

43. Events After the Reporting Period

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

44. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the department of Health.
Its ultimate parent is the Government of Makueni.

45. Currency

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