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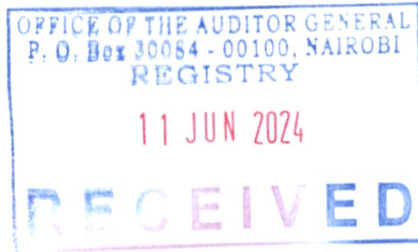
ON

KATULANI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF KITUI



**KATULANI LEVEL 4 HOSPITAL
(Kitui County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022



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1.Acronyms and Glossary

CSR	Corporate Social Responsibility
SCMA	Supply Chain Management Assistant
HRIO	Health Records & Information Officer
OSHA	Occupational Health & Safety Act
MET	Medical Engineer Technologist
PHO	Public Health Officer
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
CCC	Comprehensive Care Clinic
MOPC	Medical Outpatient Clinic
KCHIC	Kitui County Health Insurance Cover
FIF	Facility Improvement Fund

2. Key Entity Information and Management

(a) Background information

Katulani Hospital is a level 4 hospital established under gazette notice number 768 and is domiciled in Kitui County under the Health and Sanitation Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principle activity of the hospital is to offer to offer quality healthcare services to the people of all walks of life

Vision: An efficient quality healthcare system that is accessible, equitable and affordable to all Kenyans.

Mission: To inspire hope and contribute to health and wellbeing by providing the best care to every patient through integrated clinical practice education and research.

Core values: Integrity, Professionalism, Team Work, Accountability, Responsiveness.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	CECM-County Treasury	Peter Kilonzo
2.	CECM-Health and Sanitation	Ruth Koki
3.	Chief Officer- County Treasury	John Kimwele
4.	Chief Officer-Health and Sanitation	Benson Musyoka
5.	Medical Superintendent	Dr. Alex Owino

(e) Fiduciary Oversight Arrangements

- Kitui County Assembly Public Investment and Accounts Committee
- Kitui County Assembly County Budget and Appropriation Committee
- Kitui County Assembly Finance and Economic Planning Committee
- Kitui County Budget and Economic Forum
- Controller of Budget

- National Treasury

(f) Entity Headquarters

P.O. Box 1355-90200
Katulani Level IV Hospital
Katulanii, Kitui

(g) Entity Contacts

Telephone: 0701273066
E-mail: katulanihosi@gmail.com
Website: www.kitui.go.ke

(h) Entity Bankers

KCB BANK
Kitui Branch
P. O. Box - 90200
Kitui, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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






(k) County Attorney





P.O. Box 33-90200
Kitui, Kenya

3. The Board of Management

Ref	Directors	Details	Level of Education
1.	FELIX MUTIO	Chairperson	College
2.	DR.ALEX OWINO	Medical Superintendent/Secretary	University
3.	STEPHEN OKUMU	Kitui Rural Sub County Administrator	University
4.	PETER MWOLOLO	Representative, Professional Groups	College
5.	MUNAH AHMED	Representative, Women Groups	College
6.	JOSEPHINE SYOKAU	Representative, Faith Based Organizations	College
7.	SERA KAVUTHA MAKAU	Representative, NYC	College
8.	BENSON MUTINDA MWOVI	Representative, PLWDs	College
9.	ANN MUTINDI	Representative, Business Community	College

4. Management Team

Ref	Management	Details
1.	Peter Kilonzo	CECM-County Treasury
2.	Ruth Koki	CECM-Health and Sanitation
3.	John Kimwele	Chief Officer- County Treasury
4.	Benson Musyoka	Chief Officer-Health and Sanitation
5.	Dr. Alex Owino	Medical Superintendent 
6.	Margaret Kavembe	Head of Finance 
7.	Nancy Moimet	Head of Nursing 
8.	Rose Mumbe	Head of supply chain 
9.	Gladys kavengi	Head of Laboratory 
10.	Dr. Abert Muthengi	Head of Pharmacy

		
11.	John Muvengei	Head of Revenue 
12.	James Mulu	Head of Clinical Department 
13.	Petronilla Mbesa	Health Administrative Officer 

5.Chairman’s Statement

As the chairman of Katulani county hospital I am honored to release our annual report for the year ended 30th June 2022 noting improvement in key performance areas, this guarantee all stakeholders interest are met and value for money achieved.

Operating Environment.

As we are aware there have been numerous challenges facing our county especially high cost of living making consumable and health medical supplies more expensive hence affecting sectors of economy and generally capital investment.

Other main challenge was insufficient rain leading to drought and malnourished kids hence making facility incur much cost on water supply.

Repeated power outage hence operationalization of generator, we continued to engage with our stakeholders to ensure all our concerns are addressed. The environment we operate in require constant networking and research in health care to guarantee sustainability of our business.

As a board we have ensured we operate in a socially responsible manner. This includes a continued focus on operational efficiency, resources availability and responding to the need of our customer

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Expansion Programme

Working on bringing all services to patient like dentistry, Dialysis, Pre Authorized Radiology to increase revenue streams.

Future Plan

Our future can only be brighter depending on our ability to figure out the future by anticipating and responding to various changes like opera rationalization of theatre, completion of stalled water borehole project, acquisition of ambulance and construction of administration block. The year ended in a promising position and having all enabling policies and right frameworks we will be able to achieve our entire plans and realize our vision as we fulfill our mandate to all stakeholders.

Thank you.

FELIX MUTIO

Chairperson

sign.....

6.Report of The Medical Superintendent

Operation environment.

Am delighted to report annual performance for the facility for the period ended 30th June 2023. The facility performance has remained stable despite the challenge experienced this year as a result of high cost of living making the consumable and non consumable items quite expensive hence affecting sectors of economy and generally capital investment. The hospital as well is not adequately funded to smoothly carry out the services owing to the high cost of living as a result of inflation

There has been repeated power outage hence operationalization of generator which is quite expensive unlike electricity supply, we continued to engage with our stakeholders to ensure all our concerns are addressed. The environment we operates in require constant networking and research in health care to guarantee sustainability of our business.

Future plans.

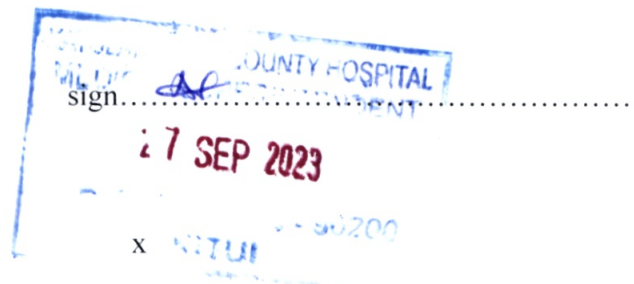
The hospital is understaffed in some departments, the hospital lacks some critical infrastructure such as theatre, dental unit, optical unit, completion of stalled borehole, acquisition of ambulance, construction of administration block fence, gate, stand-alone MCH, among others.

The facility is is putting a lot of effort to ensure we reach as many patient as possible in order to generate more revenue. Its only through such strategies which can make our facility a going concern. The year ended in a promising position and having all enabling policies and right frameworks we will be able to achieve our entire plans and realize our vision as we fulfill our mandate to all stakeholders.

Regards

I take this opportunity to sincerely to appreciate the board of directors for their strategies and policy guidance during the concluded financial year 2022/2023. The management and entire staff members of KSCH have continued to discharge their mandate with commitment and dedication. I thank them all with confidence that we have all the skills necessary to manage the significant opportunities and challenges that lie before us.

Dr. ALEX OWINO
Medical Superintendent

sign.....


7. Statement of Performance Against Predetermined Objectives

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

Katulani sub county hospital (KSCH) has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Revenue increase.

Pillar/theme/issue 2: Increase customer satisfactory.

Pillar/theme/issue 3: Enhance institutional capacity.

KSCH develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Katulani sub county hospital achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements	
Pillar/ theme/ issue 1: Increase Revenue	To increase our services.	1.Increased services. 2.Increase customers. 3.Timely collection of revenue from patients	Increased revenue	Improvement in collection efficiency.	
Pillar/ theme/ issue 2: Increased customer satisfactory.	Good customer relations	1. increased customer participation 2. Prompt handling customer	Good customer care services. Implement an effective feedback mechanism for	Good customer relation	

		complaint/issues.	customers.		
Pillar/theme/issue 3: Enhance institutional capacity	High productivity and retain qualified staff. Increase funding to KSCH.	1. Improved performance. 2. Increase staff motivation. 3. Timely collection of county government allocation located for facility	1 Enhance staff training. 3. performance management and reward. 4. Enhance effective financial management	Being done.	

8. Corporate Governance Statement

Corporate governance is the process and structure used to direct and manage business affairs of the facility towards enhancing prosperity and corporate accounting with the ultimate objective of realizing stakeholders long term value.

The facility conducts its operation in accordance with the principle of good corporate governance.

Membership/Board of Directors.

The total membership of the committee is Nine (9) members who were nominated by the County Executive Committee Member for Health and Sanitation and forwarded to the Governor, Kitui County for approval. The role of chairperson and Chief Executive Officer are segregated. Medsup is in charge of day to day running of business of the facility, a non-executive director act as a chairman of the board.

The committee consists of: -

1. The chairperson Mr Felix Mutio who was nominated by the County Executive Committee Member for Health and Sanitation and approved by the Governor Kitui County
2. The secretary to the committee Dr. Alex Owino who is the Medical superintendent of the hospital
3. The Sub-County Administrator Mr Samuel Wambua
4. The Business community representative Mrs Ann Mutindi
5. Representative of professional groups Mr Peter Mwololo
6. Representative of womens groups- Munah Ahmed.
7. Representative of Faith based organisations- Mrs. Josephine Syokau
8. Representative of Youth through the National Youth council –Sera Kavutha Makau
9. Representative of people living with disability – Mr. Benson Mutinda Mwovi.

Succession

The succession to the facility health management committee is as follows: -

A member of the committee, apart from the Secretary, shall hold office for a period of three years and shall be eligible for re- appointment for one further term based on the performance.

Funds of the Committee

The Hospital Management Committee shall manage all the hospital funds which consist of:

- Monies appropriated by the County Assembly;
- Grants or donations
- Monies received as user charges
- Income generated from the proceeds of the services
- Any other monies

Meetings of the Committee

- (a) The committee shall meet at least four times a year and shall maintain records for its deliberations and shall further allow room for emergency meetings in case of outbreaks or disasters.
- (b) The quorum for the meeting of the committee shall be five of all the members including the secretary.
- (c) The secretary shall maintain records for all committee deliberations.
- (d) The Committee shall, not later than twenty-eight (28) days after a meeting, submit copies of the minutes and reports of that meeting to the County Executive Committee Member and the committee members.
- (e) A meeting of a committee shall be held at the hospital in respect of which the committee is established.
- (f) The County Executive Committee Member may attend any meeting of a committee, provided the area members of the county assembly in the sub-county where the hospital is situated shall be at liberty to attend any meetings of the committee in furtherance of their oversight role.

Functions of the Hospital Management Committee

The committee shall –

- (a) Supervise and control the administration of the funds allocated to Katulani hospital
- (b) The hospital management committee shall through minutes' request for the authority to open and operate a bank account from the County Executive Committee Member
- (c) Prepare specific hospital work plans based on the estimated expenditure and drugs stocking levels based on usage.
- (d) Cause to be kept basic books of accounts
- (e) Cause to be kept records of accounts of income, expenditure, assets and liabilities of the hospital.
- (f) Prepare and submit to the Chief officer in the department of health and sanitation certified periodical financial and performance reports as prescribed
- (g) Cause to be kept a permanent record of all its deliberations
- (h) Ensure planning that is consistent with the National and County Government policies, laws and regulations.
- (i) Review and approve all hospital plans including but not limited to development plans, service delivery plans and activities plans
- (j) Provide oversight to the hospital

(k) Approve and authorise hospital budgets and expenditure.

Core responsibilities of the Katulani sub county hospital Management Committee

The responsibilities of the committee are outlined as follows: -

- (a) Overseeing hospital performance improvement
- (b) Participating in planning for the hospital
- (c) Mobilising resources for hospital improvement
- (d) Overseeing the financial operations of the hospital
- (e) Ensuring development of human resources
- (f) Ensuring compliance with environmental regulations and standards
- (g) Enhancing relationships and partnerships
- (h) Mitigating potential conflict of interest
- (i) Risk management
- (j) Regulatory compliance

Vacation of office and remuneration of the committee members.

A member of the Committee shall cease to hold office: -

- (a) if a member is absent from three consecutive meetings of the committee without permission from the chairperson
- (b) in the case of a member of a public benefits organization, the member ceases to hold the office by virtue of which his or her nomination was made
- (c) a member is convicted of a criminal offense and sentenced to a term of imprisonment of six months or more or a fine exceeding one hundred thousand Kenya shillings
- (d) a member ceases to reside or practice in the area of hospital jurisdiction
- (e) a member voluntarily resigns in writing from the committee formally
- (f) a member is found to be unfit to hold the position on medical grounds
- (g) a member dies
- (h) a member is involved in an act resulting to conflict of interest with the position held by the member
- (i) a member is guilty of gross misbehaviour or misconduct
- (j) a member is found to be incompetent to hold the position
- (k) a member is convicted of an offence involving dishonesty or fraud
- (l) a member is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors or
- (m) a genuine petition from the public is lodged against the member.

Remuneration:

The members' remuneration shall be determined by the Salaries and Remuneration Commission.

Relationship between the Hospital Management team and Hospital Management Committee

- (1) The Hospital Management committee shall notify the hospital management team of all its meetings and ensure that the minutes and plans of every meeting are supplied to the hospital management team within seven (7) days of its meetings.
- (2) The hospital management team shall ensure that the minutes received under this section are forwarded to the Chief officer in the county ministry of health and sanitation who shall in turn brief the County Executive Committee member on the minutes and plans.

9. Management Discussion and Analysis

The following is a brief outline of management discussion and analysis: -

Clinical/operational performance

Katulani Sub County Hospital being geographically centrally located within Kitui Central receives patients from Mulango Ward and its environs

The Maternity ward has an 10-bed capacity while the inpatient rooms are 17 bed capacity

The facility also has a D-bed accident and emergency room used for casualty patients.

SPECIALISED CLINIC ATTENDANCE

The following line graphs show the special clinics attendance for year ended June 2022 including Medical outpatient clinic (MOPC), Comprehensive care clinic (CCC) for HIV patients and Tuberculosis (TB) clinic.

There is a significant drop in MOPC clients towards the start of the first quarter which can be explained by expired Kitui county health insurance(K-CHIC) cards for the patients and thus could not access health care since the patients did not have any other form of health insurance to cover for their care.

Notes

Financial performance that includes

Revenue is collected as service fees for the health care services administered to the patients

The revenue streams included NHIF and via MPESA to the Kitui County Government Pay bill number 815815.

The Major revenue source for the facility are the funds that are disbursed from the County government in the form of FIF (facility improvement funds)

The funds were mainly used to run the day-to-day activities of the facility including Food and ration, Cleaning materials, Casual wages, Locums, Daily subsistence allowances, Records materials, Water and Sewerage, Electricity, Fuels, Station Maintenance among others.

10. Environmental and Sustainability Reporting

Katulani 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 organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable effort, broad trend in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievement and failure.

ii) Environmental performance

Katulani Sub County hospital is committed towards environmental sustainability.

The facility management seeks to unify all the key stakeholders: employees, management, partners, shareholders, patients and the community at large towards these efforts. Katulani hospital environmental policy is currently in the process of being developed in close partnership with these stake holders.

Part of the efforts that the facility is putting towards environmental sustainability include planting of trees and greenery within the hospital compound, maintaining a clean and neat hospital compound and prudent use of water among others. We also have put in place water harvesting projects during the rainy season using the gutter system to harvest water into storage tanks.

The facilities waste disposal system follows the Kenya national guidelines for safe management of health care waste which includes the safe practices for management of medical waste.

The other general waste is disposed of at the facility ash pit.

iii) Employee welfare

The employee hiring policy is being cascade down by the county government and ministry of health and sanitation. The organization should disclose their policy on safety and compliance with occupational safety and health act of 2007 (OSHA).

Explain effort made of improving skills and managing careers, appraisal and reward systems.

iv) Market place practices-

The following are the efforts of Katulani sub county hospital to: -

a) Responsible competition practice.

The facility is committed to upholding responsible competition price practices and selects its suppliers based on the guidelines outlined by the County government. The Supplies, commodities and services rendered are reviewed and audited periodically by the health management team of the facility.

b) Responsible Supply chain and supplier relations

The facility management in conjunction with the supply chain manager's endeavours to maintain good business practices by honouring contracts given to suppliers and upholding payments in the timeliest manner possible.

c) Responsible marketing and advertisement

The facility endeavours to outline ethical marketing practices by adhering to the county government guides on marketing and advertisement.

d) Product stewardship

The facility also endeavours to safeguard consumer rights by educating consumers on their rights through public addresses, personal interviews and posters displaying the same information.

A patient complaints and compliments book is available should patients and clients feel the need to register complaints or compliments received while receiving a service at the facility

v) Corporate Social Responsibility / Community Engagements

The facility management in close liaison with the board of management, County government of Kitui, the Kitui Central sub county management team, Public health officers, Health promotion officers have endeavoured to carry activities of community engagement including giving health talks at chiefs baraza several times, cancer screening massive deworming and nutrition campaigns in conjunction with NGOs,

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide health care.

Results

The results of the entity for the year ended June 30 are set out on pages 1 to 7

Board of Management

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

Auditors

The Auditor General is responsible for the statutory audit of Katulani 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 Alex Owino.....
Secretary of the board.

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the Katulani sub county hospital. The council members are also responsible for safeguarding the assets of the *Katulani sub county hospital*

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* 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 *entity*; (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 *Katulani 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 *entity's* 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 *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

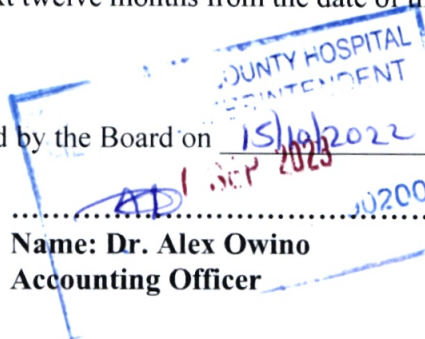
Nothing has come to the attention of the Board of management to indicate that Katulani sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

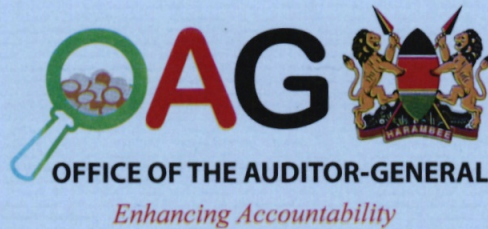
.....
Name: Felix Mutio
Chairperson
Board of Management

.....
Name: Dr. Alex Owino
Accounting Officer



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KATULANI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KITUI

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying Financial Statements of Katulani Level 4 Hospital - County Government of Kitui set out on pages 1 to 39, which comprise of the statement of

Report of the Auditor-General on Katulani Level 4 Hospital for the year ended 30 June, 2022 - County Government of Kitui

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 Katulani level 4 Hospital - County Government of Kitui as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balance in respect of property, plant and equipment as disclosed in Note 16 to the financial statements. However, the facility had movable and non-movable assets of undetermined value relating to land, buildings, furniture and fittings and computers which were not disclosed in the financial statements. Further, the Hospital is built on parcel of land of undetermined size whose ownership documents were not provided for audit. In addition, the Hospital has two (2) motor cycles whose ownership documents were not provided for audit.

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

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

The statement of financial performance reflects employee costs of Kshs.621,480 for casuals and contractual staff as disclosed in Note 9 to the financial statements. However, the Hospital also received services from medical staff employed and paid 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.621,480 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Katulani 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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 for the year ended 30 June, 2022 were submitted for audit on 18 April, 2023, six (6) months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects Nil amount in relation to rendering of services - medical services. 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.

3. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit in April, 2024 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy

Guidelines due to staff deficits by eighty-seven (87) or 86% of the authorized establishment.

Personnel	Level 4 Standard	Staff Available	Variance	Percentage %
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Registered Community Health Nurses	75	13	62	83
Radiologists	2	0	2	100
Total	101		87	86

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

Item	Level 4 Standard	Staff Available	Variance	Percentage %
Bed Capacity	150	34	116	77
Resuscitaire in Theatre	1	0	1	100
Functional ICU Beds	6	0	6	100
Functional HDU Beds	6	0	6	100
Incubators in New Born Unit	5	0	5	100
HDU Cots in New Born Unit	6	5	1	17
Operating Theatres (General & Maternity)	2	0	2	100
Renal Unit with Dialysis Machines	5	0	5	100

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

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

4. Unutilized Medical Equipment under Managed Equipment Services

Physical inspection of the equipment in the Hospital done in April, 2024 revealed a number of high value medical equipment including theatre table, infant incubator, multipurpose operating table, aesfire 700 anesthesia machine, bucky /chest stand, doctors (drug) trolley and theatre light were not being put into use.

4. Unutilized Medical Equipment under Managed Equipment Services

Physical inspection of the equipment in the Hospital done in April, 2024 revealed a number of high value medical equipment including theatre table, infant incubator, multipurpose operating table, aesfire 700 anesthesia machine, bucky /chest stand, doctors (drug) trolley and theatre light were not being put into use.

In the circumstances, the value for money on is not being realized from the unutilized equipment.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 believe that internal controls, risk management and overall governance were not effective.

Basis of Conclusion

1. Failure to Maintain Fixed Asset Register

The statement of financial position reflects Nil balance in respect to property, plant and equipment as disclosed in Note 16 to the financial statements. However, it was noted that the Hospital does not maintain fixed asset register to control its assets. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the Hospital had ever valued its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

2. Poor Storage of Non-Pharmaceutical Supplies

Physical inspection done in April, 2024 on Hospital storage space for non-pharmaceutical products revealed that the store was inadequate to accommodate the products and lacked shelves. The products were piled up together on an improvised room initially meant for theatre with poor storage conditions which lead to difficulties in implementing the First In First Out/ First Expiry First Out method of issuance of products and could cause damages to the products during handling and retrieval.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 June, 2024

Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/2022	2020/21 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,710,454	
In-kind contributions from the County Government			-
Grants from donors and development partners		-	-
Transfers from other Government entities	7		-
Public contributions and donations		-	-
Revenue from non-exchange transactions		5,710,454	
Revenue from exchange transactions			
Rendering of services- Medical Service Income			-
Revenue from rent of facilities		-	-
Finance /Interest Income		-	-
Other income (<i>specify</i>)		-	-
Revenue from exchange transactions		-	-
Total revenue		5,710,454	
Expenses			
Medical/Clinical costs	8	2,411,750	
Employee costs	9	621,480	-
Board of Management Expenses	10	-	-
Rendering of services- Medical Service Income	7		-
Depreciation and amortization expense		-	-
Repairs and maintenance	12	670,010	-
General expenses	13	1,944,684	-
		-	-
Total expenses		5,647,924	
Other gains/(losses)			
Gain on disposal of non-Current assets		-	-


Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022


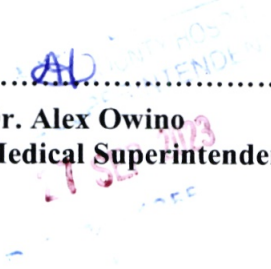
Unrealized gain on fair value of investments		-	-
Medical services contracts Gains/Losses		-	-
Impairment loss		(-)	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		62,530	-
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
Changes in Bank balances			-

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

.....
Felix Mutio
Chairman
Board of Management


.....
Handwritten signature
Head of Finance
ICPAK NO: 28941


.....
Dr. Alex Owino
Medical Superintendent


Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22	2020/21
			Kshs
Assets			
Current assets			
Cash and cash equivalents	14	3,348.15	-
Receivables from exchange transactions		-	-
Receivables from non-exchange transactions		-	-
Inventories	15	1,525,103	-
Total Current Assets		1,528,451.15	-
Non-current assets			
Property, plant, and equipment		-	-
Intangible assets		-	-
Investment property		-	-
Total Non-current Assets		-	-
Total assets			-
Liabilities			
Current liabilities			
Trade and other payables	17		-
Refundable deposits from customers/Patients		-	-
Provisions		-	-
Finance lease obligation		-	-
Current portion of deferred income		-	-
Current portion of borrowings		-	-
Total Current Liabilities			-
Non-current liabilities			
Provisions		-	-
Non-Current Finance lease obligation		-	-
Non-Current portion of deferred income		-	-
Non - Current portion of borrowings		-	-
Service concession liability		-	-
		-	-
Total Non-current liabilities			-
Total Liabilities			-

Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	
Net assets			
Revaluation reserve		-	-
Accumulated surplus/Deficit		62,530	
Capital Fund		1,465,921.15	-
			-
Total Net Assets and Liabilities		1,528,451.15	

(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

The revenue collected by Katulani Hospital was transferred to the Kitui County Revenue Collection Account (KCB Bank Account No. 1156667747) as per the bank standing orders

The Hospital's financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

	 Hingomue Head of Finance ICPAK no: 28941	 Dr. Alex Owino Medical Superintendent
Felix Mutio		
Chairman		
Board of Management		

V 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	-	62,530	-	62,530
Capital/Development grants	-	-	-	-
At June 30, 2022	-	62,530	-	62,530

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

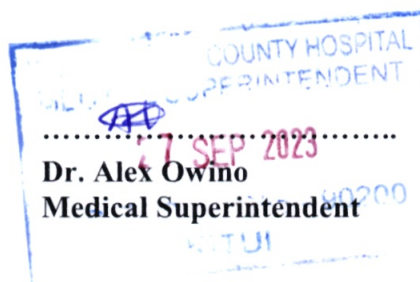
(The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

.....
Felix Mutio
Chairman
Board of Management

He

Hinda Mwe
Head of Finance
 ICPC No: 28941



Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

Description	Note	2021/22	2020/21
			Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	5,710,454	
Grants from donors and development partners		-	
Transfers from other Government entities		-	
Public contributions and donations		-	
Rendering of services- Medical Service Income	7	-	
Revenue from rent of facilities		-	
Finance / interest income		-	
Other receipts(<i>specify</i>)		-	
Total Receipts		5,710,454	
Payments			
Medical/Clinical costs	8	2,411,750	
Employee costs	9	621,480	
Board of Management Expenses		-	
Repairs and maintenance	12	670,010	
Transfers from other Government entities	7	-	
General expenses	13	1,944,684	
Finance costs		-	
Refunds paid out		-	
Total Payments		5,647,924	
Net cash flows from operating activities			
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			-
Proceeds from the sale of property, plant, and equipment			-
Acquisition of investments			(-)
Net cash flows used in investing activities		-	(-)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		-	(-)

Katulani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

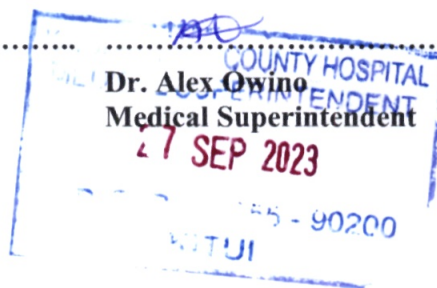
Cash and cash equivalents at 1 July	14	62,530	
Cash and cash equivalents at 30 June 2022	14	62,530	

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

.....
Felix Mutio
Chairman
Board of Management

He
Wionce mwe
Head of Finance
ICPAK NO: 28941



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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	B	c=(a+b)	D	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	5,710,454	-	5,710,454	5,710,454	-	%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	-	-	-	-	-	-
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Other receipts (<i>specify</i>)	-	-	-	-	-	-
Total income	5,710,454	-	5,710,454	5,710,454	-	
Expenses						
Medical/Clinical costs	2,411,750	-	2,411,750	2,411,750	-	
Employee costs	621,480	-	621,480	621,480	-	
Remuneration of directors		-	-	-	-	
Repairs and maintenance	670,010	-	670,010	670,010	-	
Grants and subsidies		-	-	-	-	
General expenses	1,944,684	-	1,944,684	1,944,684	-	
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-

Surplus for the period		-	62,530	62,530	-	-
Total expenditure	5,710,454		5,647,924	5,647,924	-	-


(Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
 2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
 3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)
- The notes set out on pages 10 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 15/10/2022 and signed on its behalf by:

During the year ended 30th June 2022 the disbursements made to Katulani Hospital amounted to Ksh. 5,710,454 against the budgeted Ksh. 6,480,000 leading to a negative variance of Ksh.769,546

.....
Alex Mutio
Chairman

Board of Management

.....

Finance note
Head of Finance
 (CPA No: 28941)

.....

Dr. Alex Owino
Medical Superintendent

III. Notes To the Financial Statements

1. General Information

Katulani Hospital entity is established by and derives its authority and accountability from Public 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 medical services.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act and 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.

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 2022:</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 2022</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

Katulani Hospital (Kitui 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 2022:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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 2022</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 2022.</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</p>

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

ii. Early adoption of standards

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

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 **29/10/2022** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **0** on the FY 2021/2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is

incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated. 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.

Notes to the Financial Statements (Continued)

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

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

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers from The County Government

Description	2021/22	2020/21
		KShs
Unconditional grants		
Operational grant	5,710,454	
Level 5 grants		-
Other grants		-
Conditional grants		
User fee forgone		-
Transforming health services for Universal care project (THUCP)		-
Total government grants and subsidies	5,710,454	

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6 (B) Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2021/22
			KShs	KShs	KShs
Kitui County Government	5,710,454	-	-	5,710,454	5,710,454
Total	5,710,454	-	-	5,710,454	5,710,454

7. Transfers from Other Government Entities

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

Notes to the Financial Statements (Continued)

8. Medical/ Clinical Costs

Description	2021/22	2020/21
		KShs
Dental costs/ materials		-
Laboratory chemicals and reagents	-	-
Public health activities	-	-
Food and Ration	853,250	
Uniform, clothing, and linen	-	
Dressing and Non-Pharmaceuticals/xray/records	1,320,490	
Pharmaceutical supplies	-	
Health information stationery		
Reproductive health materials	-	
Sanitary and cleansing Materials	238,010	
Purchase of Medical gases	-	
X-Ray/Radiology supplies		
Other medical related clinical costs (<i>fuel</i>)	-	
Total medical/ clinical costs	2,411,750	

9. Employee Costs

Description	2021/22	2020/21
		KShs
Salaries, wages, and allowances	621,480	
Contributions to pension schemes	-	
Service gratuity	-	
Performance and other bonuses	-	
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA	-	
Social contribution	-	
Other employee costs (<i>Disease Surveillance</i>)	-	
Employee costs	621,480	

Notes to the Financial Statements (Continued)

10. Board of Management Expenses

Description	2021/22	2020/21
		KShs
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	-	-

11. Depreciation and Amortization Expense

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

12. Repairs and Maintenance

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Description	2021/22	2020/21
		KShs
Property- Buildings	670,010	
Medical equipment	-	-
Office equipment	-	
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	670,010	

Notes to the Financial Statements (Continued)

13. General Expenses

Description	2021/2022	2020/21
		KShs
Advertising and publicity expenses	-	-
Catering expenses		-
Waste management expenses	-	-
Insecticides and rodenticides		-
Audit fees	-	-
Bank charges		
Conferences and delegations	-	-
Consultancy fees		-
Contracted services		-
Utilities	100,000	
Insurance	-	-
Research and development expenses	413,100	
Travel and accommodation allowance		-
Standing Imprest		-
finance cost		-
Courier and postal services	-	-
Printing and stationery	385,000	
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	51,080	
Skills development levies	-	-
Telephone and mobile phone services	-	

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Description	2021/2022	2020/21
		KShs
Fuels	995,504	
Staff training and development		-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	1,944,684	

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2021/22	2020/21
		KShs
Current accounts	3,348	
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	3,348	

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
KCB Bank			-
Equity Bank, etc			-
Sub- total			-
Sub- total			-
Grand total			

14. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	1,525,103	-
Maintenance supplies		-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	(-)	(-)
Total	1,525,103	-

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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

	Land and Buildings			Plant and Equipment			Capital Assets	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	(-)
At 30th June 2021	-	-	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	(-)	-
At 30th June 2022	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(-)
At 30 June 2021	-	-	-	-	-	-		-
At July 2021	-	-	-	-	-	-		-
Depreciation	-	-	-	-	-	-		-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
At 30th June 2022	-	-	-	-	-	-	-	-
Net book values								
At 30 th June 2021	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

17. Trade and Other Payables

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

Notes to the Financial Statements (Continued)

18. Financial Risk Management

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

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

(i) Credit risk

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

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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 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(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 2022				
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 ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx		-	-
Euro	10%	-	-
USD	10%	-	-

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.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Notes to the Financial Statements (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

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
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-%	-%

19. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
		Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
	-	-
b) Grants from the Government	-	-
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
	-	-
c) Expenses incurred on behalf of related party	-	-
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
	-	-
d) Key management compensation	-	-
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

Notes to the Financial Statements (Continued)

20. Segment Information

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

21. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
		Kshs
Court case xxx against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

22. Capital Commitments

Capital Commitments	2021/22	2020/21
		Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

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

23. Events After the Reporting Period

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

24. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of health and sanitation. Its ultimate parent is the Government of Kenya.

25. Currency

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

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Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Guidance Notes:

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

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Dr.ALEX OWINO

Accounting Officer 90200

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

APPENDIX II: Projects Implemented by The Entity
Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

					Budget	Actual	Sources of funds
1							
2							
3							

APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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Continuation of amounts received by [insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1065	9/17/2021	540,000			540,000		540,000
1066	10/21/2021	540,000			540,000		540,000
1067	12/29/2021	540,000			540,000		540,000
1068	1/14/2022	487,480			487,480		487,480
1069	11/23/2021	540,000			540,000		540,000
1070	1/23/2022	540,000			540,000		540,000
1072	4/20/2022	540,000			540,000		540,000
1073	5/17/2022	540,000			540,000		540,000
1074	6/8/2022	540,000			540,000		540,000
11075	7/6/2022	362,974			362,974		362,974
10761	8/17/2022	540,000			540,000		540,000
Total		5,710,454			5,710,454		5,710,454

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

Head of Accountants department of beneficiary entity:

Name Hionio Mue Sign He Date 15/10/2022

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APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization: Katulani sub county Hospital

Telephone Number: 0701273066

Email Address: katulanisch@kitui.go.ke

Name of Medical Sup: Dr. Alex Owino

Name and contact details of contact person (in case of any clarifications) ...Margaret Kavembe 0790490158.....

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