

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

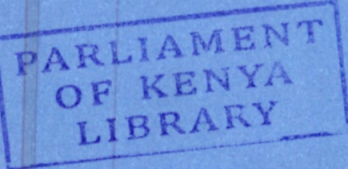
ON

MBOONI SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF MAKUENI





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

24 JUN 2024

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**MBOONI SUBCOUNTY LEVEL 4 HOSPITAL
(Makueni County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

	PAPERS LAID
DATE	18/09/24
TABLED BY	M. Leader
COMMITTEE	—
REPRESENTATIVE	Angela

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THE MEDICAL SUPERINTENDENT
MBOONI SUB COUNTY HOSPITAL
21 JUN 2024
P. O. Box 25125,
KIKIMA

I. Key Entity Information and Management

(a) Background information

Mbooni Sub-County hospital is a level 4 hospital domiciled in Makueni County Government under department of Health Services. The Hospital is governed by a Board of Management. It is located in Mbooni Division of Mbooni West District. It started as a dispensary in 1949, elevated to a full health centre in 1981 and then to a Sub District Hospital through gazette notice no 3767 of 2/7/199. It was later upgraded to a district hospital through gazette no 7270 of 8th August, 2008.

The projected catchment population of the Hospital is 24,365 covering an area of 150 square kilometres. The workload in the facility has gradually increased. In 2022 the general outpatient workload was 51,000 and 1,082 deliveries. It serves residents of Makueni County and the neighbouring Machakos County. The Hospital acts as a Sub County referral centre, receiving patients from various Health centres within Mbooni Sub County and Machakos Counties.

The facility has 60 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, nutritionist services, occupational services, physiotherapy services, psychosocial services, ambulance services and mortuary services. It also offers specialist clinics including paediatric clinic, gynaecology clinic, medical outpatient clinic and Ear clinic.

The Hospital has grown in the recent past it is also a teaching centre for Kenya Medical training college students especially those from the nearby KMTC Mbooni which opened its door to students in 2018. The campus utilizes the Hospital for clinical teachings and practice.

(b) Principal Activities

The principal mandate of the Hospital is to provide Health care services.

Vision

An efficient and high quality Health care system that is accessible, equitable and affordable for all Kenyans.

Mission

To promote and participate in the provision of integrated and efficient promotive, preventive, curative and rehabilitative health care services to all Kenyans.

Strategic Objectives

1. Eliminate communicable diseases

2. Halt, and reverse the rising burden of Non-communicable diseases
3. Minimize exposure to Health risk factors
4. Provide essential Health services to all
5. Inter-sector collaboration
6. Reduce exposure to violence and injuries

Key Management

The Hospital's management is under the following key organs: -

- County department of Health which oversees the running of all the County Health activities.
- Board of Management whose mandate is to formulate and ensure implementation of policies within the facility.
- Accounting Officer/ Medical Superintendent who is in charge of the Hospital as a whole and oversees the day to day running of the Hospital in line with its mission statement.
- Management which is charged with preparation of quarterly budgets.

(c) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Lynn Kiema
2.	Head of Finance	Dorcus Kasimba
3.	Head of Supply Chain	Christopher Mambo
4.	Health Administrative Officer	Winfred Mulwa
5.	Nursing Officer In Charge	Jonathan Mwini

(d) Fiduciary Oversight Arrangements

Finance, Audit and General Purpose Committee

This committee scrutinises and plays an oversight role on the Hospital expenditure.

It ensures that the Hospital budgets are audited

It checks on how revenue is collected and banked.

It scrutinises expenditure and budget.

Hospital Management Committee

Hospital Management Committee consists of head of departments. It is chaired by the Medical Superintendent and the secretary is the Health Administrative Officer. The members meet on monthly basis to discuss, evaluate and strategize on day to day running of the Hospital. Members share the departmental reports, data analysis and the trends of utilization of services. Members are also involved in budgeting for their departments.

- (e) **Entity Headquarters**
MBOONI SUBCOUNTY HOSPITAL
P.O. Box 116 - 90125
KIKIMA, KENYA
- (f) **Entity Contacts**

Telephone: (+254) 0786721123
E-mail: Mbooni.hospital@makueni.go.ke
- (g) **Entity Bankers**







Kenya Commercial Bank Limited
Kikima Branch
- (h) **Independent Auditors**

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


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (j) **County Attorney**

P.O. Box78 - 90300
Makueni, Kenya




II. The Board of Management



Ref	Directors	Details
1.	 Board Chairperson Agnes Muendo	She holds Diploma in Nursing and BSCN Retired Principal KMTC Makueni Campus Age: 65 Years
2.	 James Mukosi	He holds Diploma in Nursing Currently working at Mbooni AIC Dispensary. Age: 57 Years
3.	 Peninah Ngila	She is a Trained P1 Teacher Trained in Special needs Diploma in Administration and Management Retired Primary School Head teacher Age: 61 Years
4.	 Dr. Kiema Lynn	He holds Bachelor's Degree in Medicine and Surgery. Has a Master's degree in Paediatrics and Child Health Medical Superintendent
5.	 Rev. Joshua Muia	He holds Diploma in Theology Age: 51 years
6.	 Jackson Muia	He is trained in Government Accounts Examination No. 1 and CPA 1 He has over 30 years' experience working with the Ministry of Finance Age: 72 Years

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7.	 Theresia Musyoki	She holds Diploma in Administration Retired Primary School Teacher Age: 64 Years
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III. Management Team

Ref	Management	Details
1.	 Dr. Kiema Lynn	She holds a Bachelor's Degree in Medicine and Surgery. She has a Masters in Paediatrics and Child Health. She is the Medical Superintendent.
2.	 Winfred Mulwa	She holds a Bachelor of Commerce in Accounting. She is qualified CPA finalist. She is the Health Administrative Officer
3.	 Jonathan Mwini	He holds a Certificate in Community Health Nursing (KECHN); Diploma in Community Health Nursing (KRCHN) and Higher National diploma in Ophthalmology (KROPHN) He is Nursing Officer In Charge.

4.	 Dorcus Kasimba	She holds a Bachelor of Commerce in Finance She is CPA holder. She is the Hospital accountant
5.	 Christopher Mambo	He holds Diploma in Procurement & Supply Chain Management. He is the Procurement Officer

IV. Chairman's Statement

In the financial year 2022/2023 the Hospital operated smoothly despite some challenges majorly the COVID 19 pandemic and cash flow difficulties. However, we made some major strides as follows:

- Tilling of the corridors, MCH, Laboratory, out-patient waiting bay, clinical rooms and dressing was done.
- Extension of the main store and construction of a non-pharmaceuticals and drug store was achieved.
- We managed to Purchase a Laundry Machine which was installed in the maternity department.
- We managed to increase water storage tanks by 50,000 litres to ensure sufficient supply of water in the Hospital.
- Incubator with photocells, Resuscitative machine and Suction machines were acquired for the Maternity department which reduced our perinatal death rates within the facility.
- Construction of an extra gate and an archive store were done. The extra gate was useful for emergency referrals and the archive store decongested our records office.

There were challenges as well which include:

- Inadequate staffing. This has led to a shortage of nurses, clinicians, laboratory and pharmacy staff. This has forced the institution to employ professionals on a contractual basis thus increasing the wage bill to almost one million shillings monthly.
- Delay in release of UHC funds.
- Shortage of infrastructure for OPD, Casualty, Male & Female wards
- Lack of a cold room for the mortuary
- Shortage of running water in most departments.
- Inadequate supply of drugs and non – pharmaceuticals.
- Inadequate filing space for medical records.
- Manual systems causing a lot of expenses on general office supplies.
- Unreliable electricity leading to high fuel consumption.

We anticipate the following to be done in the next financial year subject to availability of funds:

- Completion of the new Hospital wing.
- Acquisition of a Transformer specifically for the Hospital.
- Automation of all the services.
- Construction of a modern gate.
- Increased staffing in all departments

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- Increase work load due to improved infrastructure.
- Drilling of a borehole.
- Service contract for all machinery.
- Construction of a perimeter wall around the staff houses to separate them from the new isolation Hospital



Agnes Muendo
Chairperson board of Management
Mbooni Sub County Hospital

V. Report of The Chief Executive Officer

The facility managed to undertake activities in all areas of Health care; Promotive, Preventive, Curative and Rehabilitative.

Under **promotive** services, key activities included: -

- Weekly health talks at the outpatient clinic
- Weekly continuous Medical education forums
- Monthly outreaches at the surrounding villages
- Installation of a television set at outpatient area to air educative programs

In the **preventive** category, the facility managed to achieve the following: -

- Conduct routine immunizations 5 days in a week,
- Conduct immunization exercises for routine vaccines once per month,
- Administration of Coved 19 vaccines at the facility and surrounding areas through outreach
- Screening exercises at the facility and village level for non-communicable diseases
- Administration of de-wormers and vitamin A at Nursery schools.

Curative programme entailed;

- Daily attendance to patients at out-patient department,
- Admitting the very sick for in-patient management,
- Conducting weekly out-patient clinics,
- Performing surgical and obstetric procedures to the deserving and ensuring availability of necessary commodities for patient management, Timely referral for critical cases requiring further management

Rehabilitative services: -

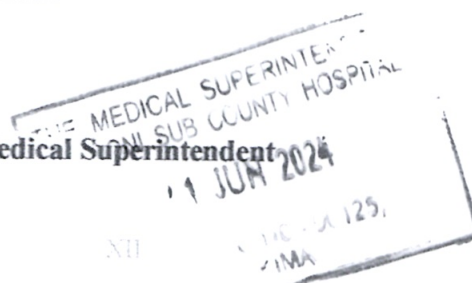
- Provision of Physiotherapy and Orthopaedic services to patients within the Hospital, Physiotherapy and Occupational therapy outreaches to Health centres
- Counselling services for liable clients either individually or as a group.

The facility did fairly well by increasing the revenue collection. This was majorly from NHIF and Linda mama. To reduce pilferages, we automated cash collection system and introduced mobile payment services.

Prudent procuring and proper utilization of procured items enabled the facility to offer continuous and quality services to our clients. We were able to make cost cutting measures that enabled us to operate within our collected revenue.


Dr. Kiema Lynn

Secretary of the Board and Medical Superintendent



VI. Statement of Performance Against Predetermined Objectives

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

Mbooni Sub County Hospital has 6 strategic pillars and objectives within the current Strategic Plan for the FY 2022- 2023. These strategic pillars are as follows: -

- Pillar 1: Service delivery
- Pillar 2: Health workforce
- Pillar 3: Health information systems
- Pillar 4: Access to essential medicine
- Pillar 5: Financing
- Pillar 6: Leadership / Governance

Mbooni Sub County Hospital develops its annual work plans based on the above 6 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Below are the 6 strategic pillars and how the hospital performed.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	To provide effective and efficient promotive and preventive services	Enlightened customers and improved health	Conduct monthly out reaches on immunization and OPD services	Outreaches done on monthly basis. Weekly special clinics done.
Health workforce	To ensure staff are appraised yearly. To recruit more cleaners and professionals.	Enlightened and motivated staff.	Quarterly appraisal of staff. Interviewing of cleaners and professionals.	Appraisal done quarterly. This has been done although staff recruited not enough due to financial constraints.
Health Information Systems	To ensure timely reporting and review of data.	Timely data available.	Hold quarterly data review meetings. Monthly	Four quarterly data review meetings held. Monthly

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			uploading of data in Kenya Health Information Systems.	uploading of data done.
Access to essential medicine	To ensure adequate supply of drugs and commodities.	Availability of commodities.	Procurement of drugs quarterly. Procure non pharms quarterly. Procure X-ray and Dental supplies quarterly.	Procurement has been done but not as per the targets.
Financing	To ensure timely availability of funds.	Funds available and payments of supplies done.	Budgeting for funds.	Funds availed.
Leadership/Governance	To train HMT members on leadership and governance.	Enlightened staff on governance.	Train HMT members. Hold 4 quarterly HMT meetings.	So far 10 HMT members have been mentored. 4 quarterly HMT meetings held.

VI. Corporate Governance Statement

At Mbooni Sub County Hospital, the practice of good corporate governance ensures the delivery of sustainable value as well as meeting the needs of our stakeholders. Mbooni Sub County Hospital is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes.

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

Governance Principles and Guidelines

The Mbooni Sub County Hospital Board of Management is responsible for the overall governance of the Hospital and is accountable to the Government of Makueni County for ensuring that the Hospital complies with the law and the highest standards of best practices corporate governance and business ethics.

The members of the Board are committed to fostering a culture that values ethical behavior, integrity and respect and the need to conduct business and operations of the Hospital in accordance with generally accepted corporate practices. The Members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

The Board is vested with powers and authority as provided in Legal Notice and other relevant laws of Kenya. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfill its corporate governance responsibility towards stakeholders.

The Board Charter defines the roles, responsibilities, scope and functions of the members in the governance of the Hospital and provides for free exercise of independent judgment.

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act.

Board Organization and Structure

Board Size, Composition and Appointment

The Mbooni Sub County Hospital Board of Management comprises of a chairperson, a secretary to the board and members of the board.

The Board is well composed in terms of range and diversity of skills, knowledge, academic qualifications, gender, age and experience in various sectors which makes it effective and provides balance for the oversight role of the Board's mandate.

The Medical Superintendent is the Secretary to the Board.

Independence, Separation of Roles and Responsibilities

The primary responsibility of the Board is to provide leadership and strategic direction to the Hospital to enhance value. The Board Members are expected to exercise the highest degree of care, skill and diligence in discharging their duties.

The roles and responsibilities of the Board and the Medical Superintendent remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no individual has unfettered power of decision making. The Board provides oversight to the Hospital's top management and has unrestricted access to timely and relevant information. The members are also empowered to seek independent professional advice on Hospital business at its expense where necessary.

The Chairman provides overall leadership without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective Board and sets the Board agenda in consultation with the Secretary/ Medical Superintendent and ensures effective communication to stakeholders.

The Medical Superintendent is responsible to the Board and takes the overall responsibility for the day to day management of the Hospital. The medical Superintendent recommends the strategy of the Board and implements it and makes operational decisions. In addition, as Secretary to the Board, the Medical Superintendent ensures appropriate and timely information flows within the Board, its committees and management.

The Board Secretary is in attendance of all Board meetings to provide guidance to the Board on their duties

and responsibilities; on matters of governance; and to provide efficient services including coordinating induction and training of new members, preparation for board meetings and maintaining a record of the same, disseminating action material for management.

Principal Board Activities

1. Strategy and business plans: The Board is responsible for establishing short and long-term goals of the Hospital develop strategies to achieve these goals and monitor the Hospital's performance against these set goals. During the year, the Board considered progress against the 2022/2023 Hospital strategic themes and reviewed the 2022/2023 strategic objectives, business plans, budgets and one year forecast.

2. Clinical services: The Board oversees the business affairs of the Hospital in light of emerging risks and opportunities. During the year, the Board considered reports from clinical services on a regular basis, focusing on matters such as the review and development of clinical indicators, patient safety, infection prevention and control, accreditation and clinical information systems across the Hospital.

3. Financial performance and reporting: The Board is responsible for spearheading preparation, approving and reviewing quarterly budgets.

Board Membership and Attendance of Meetings

The Board holds regular meeting at least once every quarter and supplementary meetings are held as and when necessary. In case of non-attendance due to other commitments, such information is communicated to the Chairman prior to the date of the scheduled meeting.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Each committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience.

The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. Matters deliberated by the committees are presented to the Board by the respective Chairman during the next board meeting.

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The Board has the following two (2) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

These committees are:-

- Finance and General Purpose Audit
- Quality Health Care/ Primary Health Care

The responsibilities and attendance of meetings during the year is as summarized below:-

Finance and General Purpose Audit

The Committee which is comprised of six members is charged with the responsibility of advising the Board as well as scrutinizing the Hospital quarterly expenditure.

Quality Health Care / Primary Health Care

The Committee is tasked with identifying Health care service problems in the Hospital and ensuring that they are resolved; review any changes on policy issues on standards, quality assurance and research; liaise with the Medical Superintendent on matters of quality health care delivery; and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the Hospital.

The Committee held four (4) meetings during the year under review.

Board Members Remuneration

During every Board meeting, present members are entitled to a sitting allowance as per the recommended guidelines.

Ethical Standards

The Board members and Hospital staff have a fiduciary duty to act honestly and in the best interest of the Hospital. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board members enhances good relationships to foster teamwork among Board members and staff and to build respect, confidence and credibility within the community.

The Board members and staff are expected to adhere to ethical and acceptable behavior in conducting their duties and responsibilities. All members and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital.

The Board also developed a Complaints and Compliments Policy which is aimed at protecting staff who act in good faith to disclose or report any acts of malpractice, alleged dishonesty, corruption, illegality, wrong-doing or omissions by employees.

Relationship with Stakeholders

The Board appreciates that stakeholder perception affect the organizations reputation. The Board therefore strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making.

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

Additionally, the Board has dedicated staff to deal with complaints and public relations effectively, efficiently and as expeditiously as possible. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders.

The Hospital's Service Charter has been cascaded to all staff and displayed at strategic locations, is monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of Mbooni Sub County Hospital customers. During the year, the level of customer satisfaction on the Hospital's services was good. The Board is committed to continually improve access to information by the public and provision of efficient and quality specialized healthcare services to the public.

I. Management Discussion and Analysis

Clinical Performance

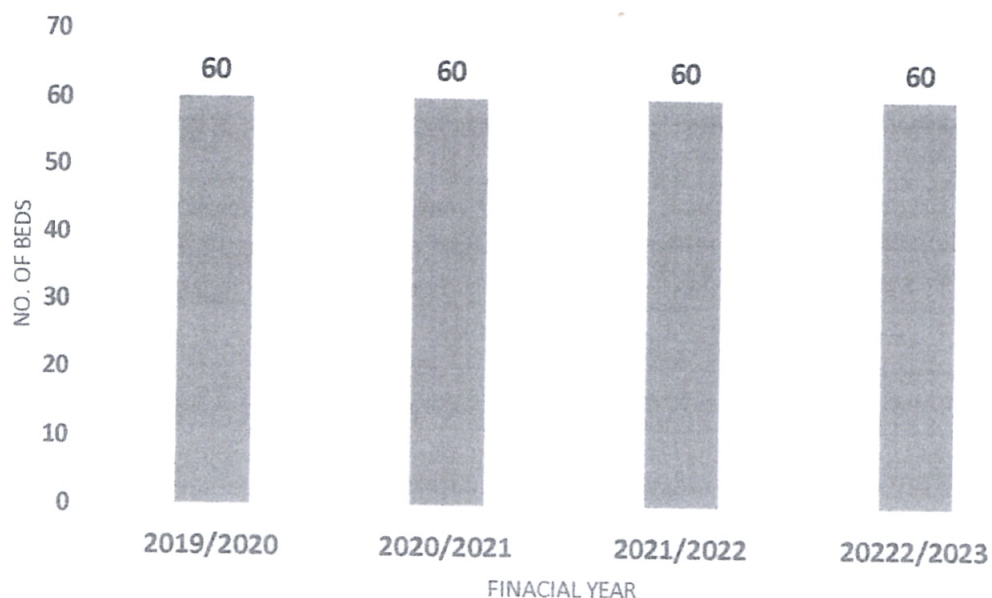
Mbooni Sub County Hospital provides a wide range of services to Kenyans and patients from within Mbooni Sub County and its environs. Some of these services include outpatient clinics, inpatient care and day care procedures for surgery, ENT, dental, maternity amongst other services. In addition, the Hospital provides clinical support services that include Pharmacy, Laboratory, Radiology and Nutrition.

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Mbooni Sub County Hospital strives to ensure that the clinical services provided throughout the organization are efficient, effective, appropriate, innovative, evidence-based and in line with modern technological advances. Clinical governance has been strengthened to ensure patient safety and quality Health care.

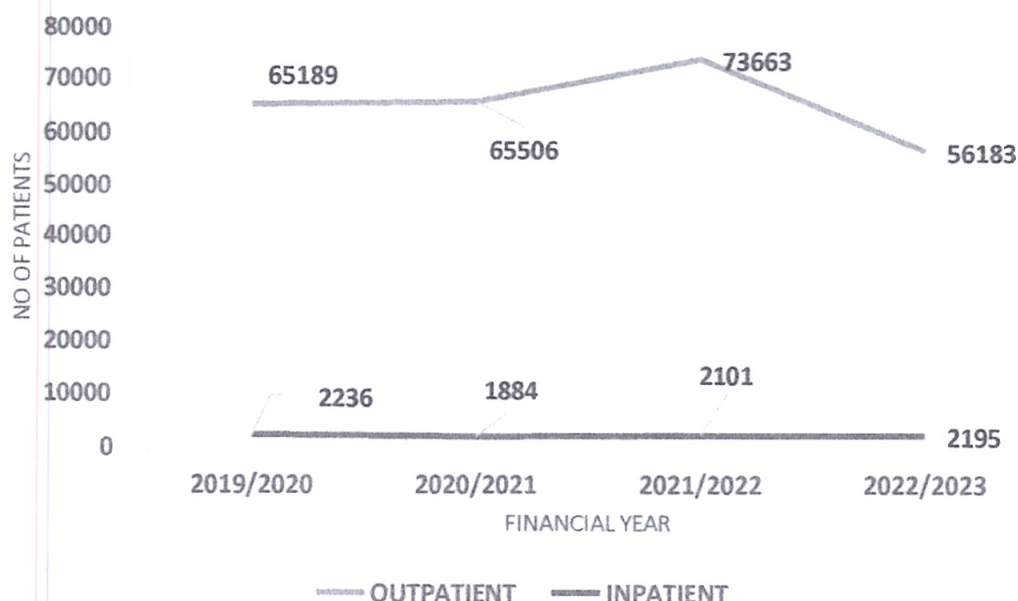
The Hospital's workload analysis over the last three years is as depicted in the charts below:-

BED CAPACITY



The average number of beds within the Hospital is 60 beds in all the financial years as illustrated in the above chart.

OVERALL PATIENT ATTENDANCE BOTH OUTPATIENT & INPATIENT



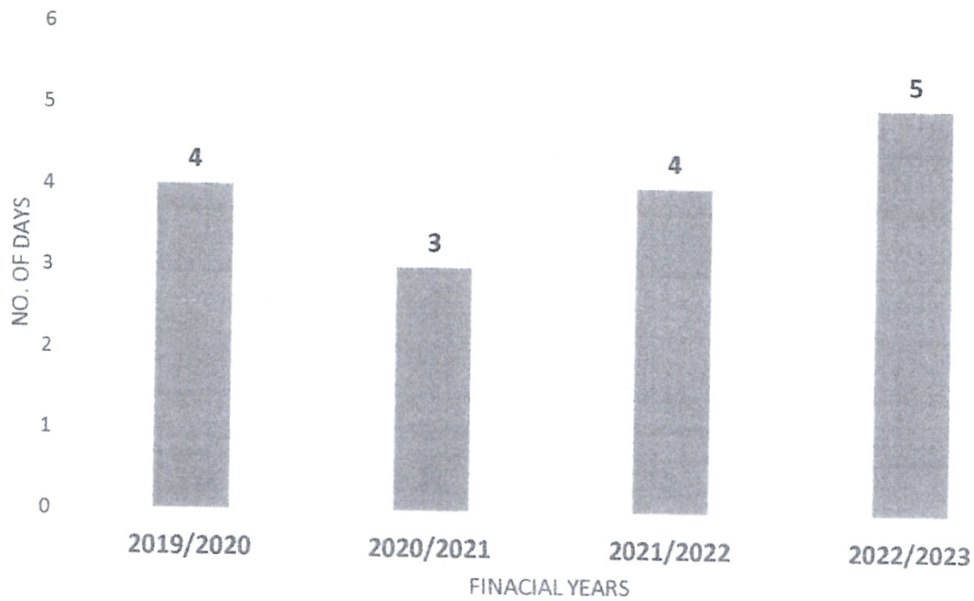
In the financial year 2019/2020 the OPD attendance was 65189 patients, financial year 2020/2021 it went up slightly to 65506 patients and in the financial year 2021/2022 the attendance was 73663 patients. In the FY 2022/2023 the OPD attendance was 56183. Its within the FY 2022/2023 when the guidelines for the Makueni care scheme changed to 14 days maturity which greatly affected the outpatient workload.

SPECIAL CLINICS ATTENDANCE

FY/CLINIC	POPC	PSYCH	GOPC	MOPC	SOPC	ENT	CCC	TB	TOTAL
2019/2020	0	59	341	2421	32	0	2604	293	5750
2020/2021	0	286	90	1851	39	0	2711	282	5259
2021/2022	43	261	232	2283	56	93	2637	594	6199
2022/2023	262	306	227	2229	58	1267	3335	360	8044
TOTAL	305	912	890	8784	185	1360	11287	1529	25252

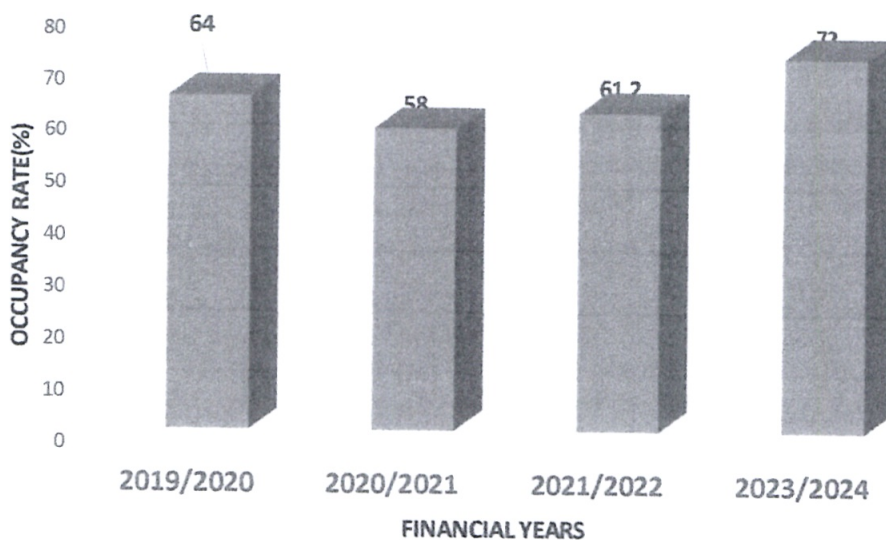
The above table illustrates some of the major special clinics offered in the Hospital in the four financial years. The CCC clinic recorded the highest number of attendance (11287) in the reporting period while SOPC recorded the lowest respectively (185). Most of the clients for SOPC are referred since the facility doesn't have a surgeon. Most of the special clinics have recorded increase with the ENT and POPC, CCC recording a high increase.

AVERAGE LENGTH OF STAY IN DAYS



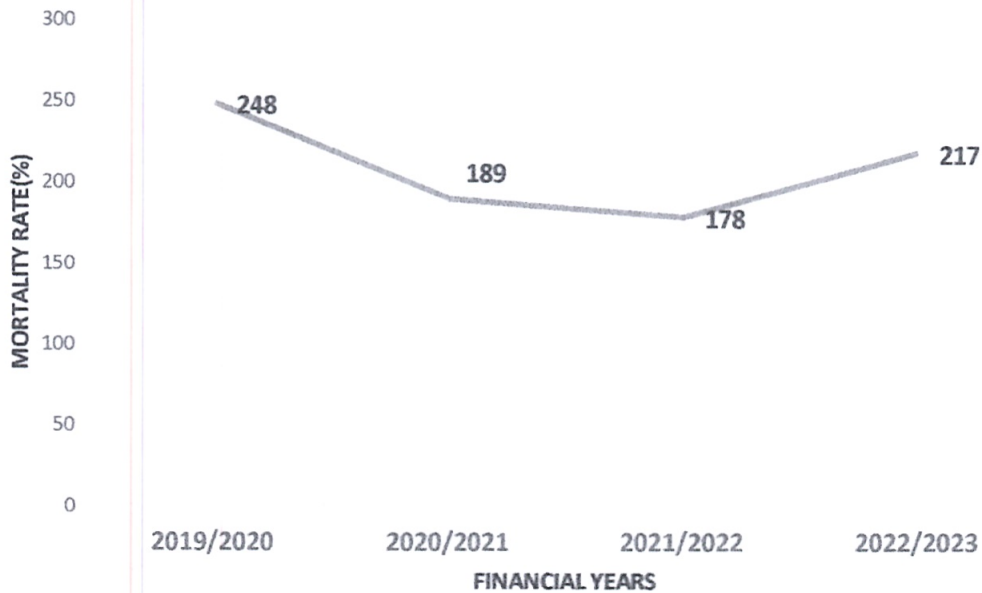
The average length of stay in the financial year 2019/2020 was 4 days, 2020/2021 was 3 days and in 2021/2022 it recorded 4 days, 2022/2023 the Average Length of Stay was 5 days. All these is within the recommended stay in a hospital which may be attributed to regular ward rounds and quality inpatient services.

BED OCCUPANCY RATE (IN PERCENTAGE)



The chart above illustrates that the occupancy rate ranged from 59% in 2020/2021, 64% in 2019/2020 and 64.2% in 2021/2022. In the FY 2022/2023 the occupancy rate increased to 72%. This is an indication that the inpatient services are being utilized by the catchment population.

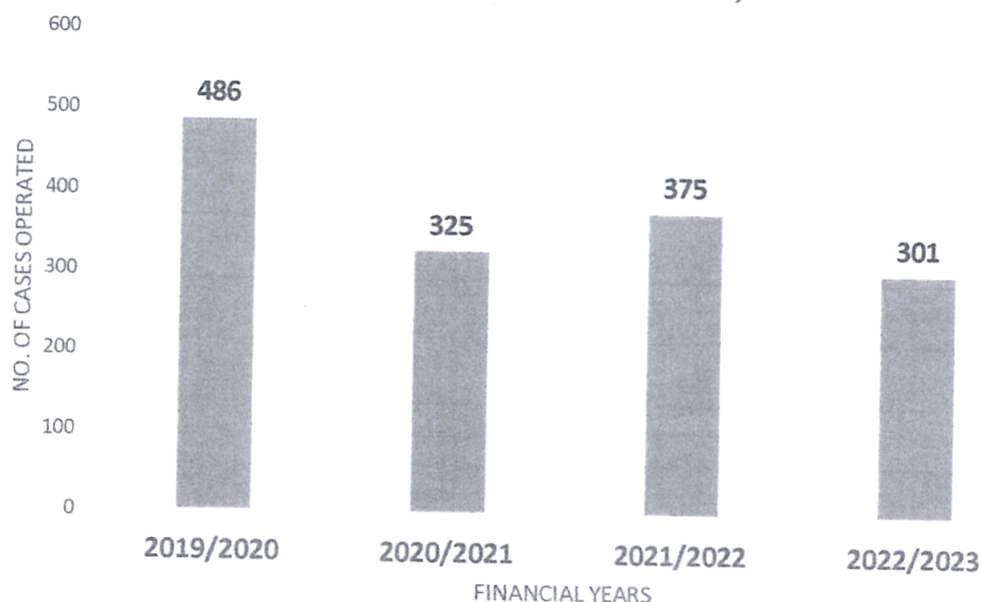
FACILITY MORTALITY RATE PER 100,000 POPULATION



DATA SOURCE: KHIS

The facility mortality Rate dropped from 248/100,000 in the FY2019/2020, 189/100,000 in 2020/2021 and 178/100,000 in 2021/2022. In the FY 2022/2023 the mortality rate was 217/100,000. This was calculated based on the population attending both outpatient and inpatient. Mortality audits for the for the identification of gaps in inpatient are being done on monthly basis.

THEATRE UTILISATION (NO. OF CASES OPERATED)



The above chart illustrates the number of theatre cases operated during the reporting period. 2019/2020 highest number (486), 2020/2022 recorded 325, 2021/2022 was 375 while 2022/2023 recorded the lowest number (301). In the FY 2022-2023 there was a period in which the theatre machine had some maintenance issues which led to some cases being referred for that particular period.

Theatre Services

The Hospital has one theatre which serves maternity and any other surgical operations on a Twenty-four-hour basis. Many of the success stories have taken place in these theatres

Healthcare financing

With the improvements in NHIF coverage aimed at promoting universal healthcare and considering that majority of the patients at Mbooni Sub County Hospital are indigenous and are not able to meet the cost of treatment; it is expected that considerations will be made on how to reimburse the cost of treatment for such persons. This will help the Hospital to meet some of the pending obligations towards better healthcare provision.

Customer Satisfaction

Mbooni Sub County Hospital is committed to improving patient experience and conducts an annual customer satisfaction survey. Our surveys conducted in the past one year are as follows:

The outcomes of the survey indicated that the Mbooni Sub County Hospital customers are generally happy with the services owing to the satisfaction indicated in the Customer Care Register the level of satisfaction increased and it is expected the same trend will be sustained.

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE HIGHLIGHTS

Considering that the free maternity includes ante-natal, delivery and post-natal, Mbooni Sub County Hospital will not get any reimbursement for patients, who will attend ante-natal and later deliver in another facility,

despite Mbooni Sub County Hospital incurring costs for ante-natal services. Therefore, Mbooni Sub County Hospital incurs this loss under free maternity.

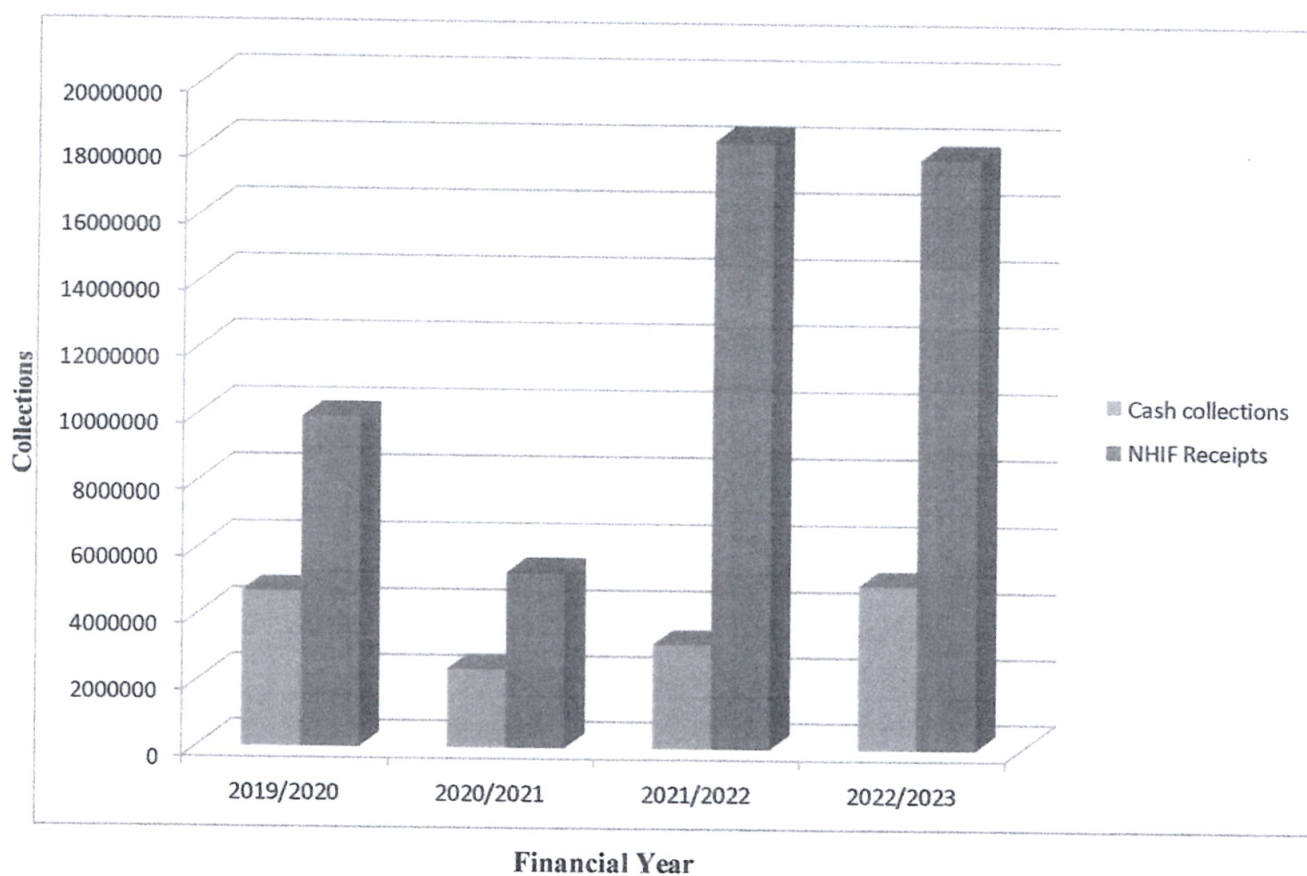
In addition, where mothers develop complications after delivering in another hospital and are referred to Mbooni Sub County Hospital for specialized care, the Hospital is not compensated resulting to a loss.

Revenue performance

The Hospital operations are funded through grants from the County Government of Makueni and fees charged for services rendered.

COLLECTIONS FOR THE LAST THREE YEARS ARE AS TABULATED BELOW:

Year	2019/2020	2020/2021	2021/2022	2022/2023	Total
Cash collections	4,696,255	2,385,420	3,163,194	4,970,251	15,215,120
NHIF Receipts	9,918,583	5,305,644	18,327,800	17,799,167	51,351,194



Compliance with statutory requirements

In the period under review, the Hospital complied with all statutory requirements and has not received any sanctions so far for non-compliance.

Strategic direction

The Hospital has continued to look for ways of ensuring that it delivers on its mandate as a Sub County Hospital while also addressing the emerging needs of its patients.

During the year under review, the Hospital remained committed to ensuring delivery of its services to its clients.

II. Environmental and Sustainability Reporting

Mbooni 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

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

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through

Electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible.

The Hospital recognizes the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate.

However, the Hospital also believes that using resources responsibly can be a source of strategic advantage for the Hospital, allowing it to manage and contain its operating costs and to ensure ongoing access to water and energy supplies.

Mbooni Sub County Hospital patients are always its first priority, but without natural resources, especially water, Mbooni Sub County Hospital would not be able to provide a service to its patients. The Hospital takes its policies to reduce its impact on the environment very seriously and its facilities and services division is constantly investigating new opportunities to reduce its impact on the environment.

iii) Employee welfare

The focus of attracting and utilizing talent in a challenging healthcare market continues to be a challenge. There is need to improve on knowledge management and human capacity.

Key stakeholders

- Doctors
- Employees and trade unions

Mitigation of risks

- Extensive training and skills development programmes.
- Governance of suitable selection processes with focus on skills assessments, employment references and verification of credentials.
- Targeted sourcing and recruitment initiatives, with a strong focus on agile sourcing techniques ensuring that best fit candidate talent is channeled to appropriate vacancies, supported by a seamless hiring process.
- Tailored retention strategies, supporting the retention of priority audiences within each business unit.
- Succession planning and/or career management initiatives within scarce skills disciplines, ensuring proactive
- Development of high-performing employees with potential to supervisory and leadership roles.
- Deployment of integrated talent strategies in support of core business areas.
- Monitoring of doctor satisfaction.

iv) Market place practices-

Mbooni Sub County Hospital has made efforts to promote:-

(a) Responsible competition practice.

The Hospital promotes corruption free crusades to ensure fairness to all more so in purchasing and tendering.

(b) Responsible Supply chain and supplier relations

The Hospital ensures that only contracted suppliers are awarded tenders and paid as and when funds are available.

(c) Responsible marketing and advertisement

The Hospital engages in fair and realistic marketing campaigns for its products.

(d) Product stewardship

The Hospital safeguards the quality of the products it offers through appropriate feedback mechanisms.

v) Corporate Social Responsibility / Community Engagements

The commitment of Mbooni Sub County Hospital to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Mbooni Sub County Hospital aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all.

Mbooni Sub County Hospital Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The main activities undertaken during the year herein outlined below:

Mbooni Sub County Hospital Public Open Day

In line with the constitution, Chapter 4 on Bill of Right, Mbooni Sub County Hospital held Open Days to Mother and Child Health and Nutrition departments to provide the public a special platform for health workers to interact and receive feedback from the clients on healthcare services. Recognizing the variety of healthcare services and high number of patients seeking services at Mbooni Sub County Hospital, the Open Day focused on service delivery, patients' charters and procedures for providing feedback or complaints. The public were sensitized and received health talks and free services.

III. 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 Mbooni Sub Hospital's affairs.

Principal activities

The principal activities of the entity are to offer quality health care services.

Results

The results of the entity for the year ended 30th June, 2023 are set out in the pages that follow.

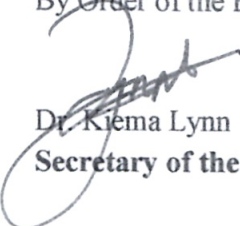
Board of Management

The members of the Board who served during the year are shown on page vii. During the year no board member retired/ resigned and there were no new appointments.

Auditors

The Auditor General is responsible for the statutory audit of the Mbooni 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. Kiema Lynn

Secretary of the Board and Medical Superintendent

Mbooni Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


Approval of the financial statements

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

AGNES MUENDO


Chairperson
Board of Management

DR. KIEMA LYNN


Accounting Officer
Medical Superintendent

IV. Statement of Board of Management's Responsibilities

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

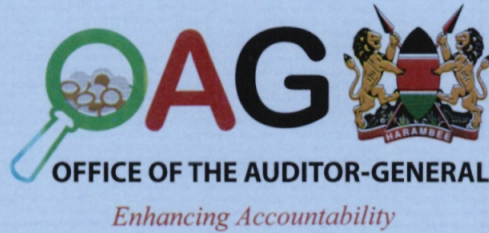
The Board of Management responsible for the preparation and presentation of Mbooni Sub County Hospital financial statements, which give a true and fair view of the state of affairs of Mbooni Sub County Hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Mbooni Sub County Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for Mbooni 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 Mbooni Sub County Hospital financial statements give a true and fair view of the state of Mbooni Sub County Hospital transactions during the financial year ended June 30, 2023, and of Mbooni Sub County Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Mbooni Sub County Hospital, which have been relied upon in the preparation of Mbooni Sub County Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that Mbooni Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MBOONI SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mbooni Sub-County Level 4 Hospital – County Government of Makueni set out on pages 1 to 52, which comprise of

Report of the Auditor-General on Mbooni Sub-County Level 4 Hospital for the year ended 30 June, 2023 - County Government of Makueni

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mbooni Sub-County Level 4 Hospital - County Government of Makueni as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Material Uncertainty Related to Sustainability of Services

The statements of financial position reflect current liabilities balance of Kshs.14,110,013 which exceeded the current assets of Kshs.4,997,075 resulting to a negative working capital of Kshs.9,112,938. These conditions indicate the existence of a material uncertainty on the Hospital's ability to continue to sustain its services. However, Management did not provide any measures put in place to reverse the undesirable financial position disclosed in the financial statements. Further, Management and the Board of Management have not disclosed in these financial statements material uncertainty related to sustainability of its services.

In the circumstances, the continued sustainability of the Hospital's services could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.10,159,957 as disclosed in Note 31 to the financial statements. However, the figure excluded value of buildings and land as at 1 July, 2021. Management explained that the opening balances on buildings and land were omitted because valuation had not been undertaken. The Hospital sits on approximately nine acres of land whose value remains undetermined.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant and equipment balance of Kshs.10,159,957 as at 30 June, 2023 could not be confirmed.

3. Inaccuracies on Depreciation and Amortization Expenditure

The statement of financial performance reflects depreciation and amortization expenditure of Kshs.680,903. However, Note 18 to the financial statements reflects amount of Kshs.2,201,438 resulting in an unexplained variance of Kshs.1,520,535.

In the circumstances, the accuracy and completeness of the depreciation and amortization expenses in the financial statements could not be confirmed.

4. Non-Disclosure of Receivables from Exchange Transactions

The statement of financial position reflects Nil receivables from exchange transactions as disclosed in Note 28 to financial statements. However, NHIF record indicate total receivables balance of Kshs.2,884,150 relating to NHIF for services provided to the patients under NHIF cover which comprised of Kshs.1,923,000 and Kshs.961,150 for inpatient and outpatient respectively. Further, claims of Kshs.351,050 for Linda Mama and Kshs.1,600,700 for other NHIF patients both totalling Kshs.1,951,750 were pending implying that NHIF did not give approval or had been declined without specified reasons.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions could not be confirmed.

5. Non-Disclosure of Inventories

The statement of financial position reflects Nil balance in respect to inventories as disclosed in Note 30 to the financial statements. However, Management did not undertake end year stock take of inventories to confirm existence and condition.

In the circumstances, the accuracy and completeness of the inventories balance could not be confirmed.

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

The statement of financial performance reflects employee costs of Kshs.11,798,622 for casuals and contractual staff as disclosed in Note 16 to the financial statements. 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.11,798,622 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.4,943,251 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General. This was contrary to Regulations 64 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. 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 fifty-eight (58) or 57% of the authorized staff established.

Staffing Requirement	Level 4 Standard	Actual in Post	Deficit	Percentage %
Medical Officers	16	4	12	75
Anesthesiologists	2	4	(2)	150
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	1	1	50
Registered Community Health Nurses	75	34	41	55
Total	101	43	58	57

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

Equipment / Machines	Minimum Requirement	Actual	Deficit	Percentage %
Bed Capacity	150	51	99	66
Incubators (New Born)	5	2	3	60
Cots	5	2	3	60
Resuscitaire in Theatre	1	0	1	100
Resuscitaire in Labour Ward	2	0	2	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theatres Maternity and General	2	1	2	50

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Unit

The Hospital had not established an audit committee and an internal audit function. Further, there was no evidence that the activities of the Hospital had been audited by the Internal Audit Department of the Makueni County Executive. This was contrary to Section 155 of the Public Finance Management Act, 2012 which requires a County Government

entity to ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

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

2. Lack of Fixed Assets Register

Audit verification revealed that the Hospital did not maintain a fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 that provides 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 the circumstances, effective management of the assets could not be confirmed.

3. Lack of Approved Risk Management Policy

Audit verification revealed that the Hospital did not have a Risk Management Policy that is signed and approved by the Hospital Board in place. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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

28 June, 2024

Mbooni Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


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


Description	Notes	2022/23	2021/22
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	7,525,000	18,010,250
In-kind contributions from the County Government	7	46,245,238	82,333,623
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from non-exchange transactions		53,770,238	100,343,873
Rendering of services- Medical Service Income	11	4,943,251	5,920,141
Revenue from rent of facilities	12	27,000	24,000
Finance /Interest Income	13	-	-
Other income-Nhif Income	14	18,916,751	20,296,597
Revenue from exchange transactions		23,887,002	26,240,737
Total revenue		77,657,240	126,584,610
Expenses			
Medical/Clinical costs	15	7,433,666	15,557,197
Employee costs	16	11,798,622	9,764,070
Board of Management Expenses	17	370,000	498,000
Depreciation and amortization expense	18	680,903	1,262,695
Repairs and maintenance	19	3,147,853	5,050,444
Grants and subsidies	20	-	-
General expenses	21	6,127,231	10,619,542
In-kind contributions from the County Government	7	46,245,238	82,333,623
Refunds paid out		20,000	
Total expenses		75,823,513	125,085,571
Other gains/(losses)			
Gain on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		0	0
Net Surplus for the year		1,833,727	1,499,039
Attributable to:			

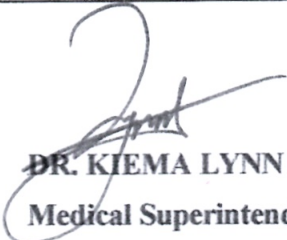
Mbooni Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Surplus/(deficit) attributable to minority interest		-	(-)
Surplus attributable to owners of the controlling entity		1,833,727	1,499,039

The Hospital's financial statements were approved by the Board on 21/6/24 and signed on its behalf by:


AGNES MUENDO
Chairman
Board of Management


DORCUS KASIMBA
Head of Finance
ICPAK No: 30184


DR. KIEMA LYNN
Medical Superintendent

Mbooni Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 3

VII. Statement of Financial Position as of 30th June 2023

Description	Notes	2022/23	2021/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,997,075	3,163,348
Receivables from exchange transactions	28		
Receivables from non-exchange transactions	29		
Inventories	30		
Total Current Assets		4,997,075	3,163,348
Non-current assets			
Property, plant, and equipment	31	10,159,957	11,680,492
Intangible assets	32		
Investment property	33		
Total Non-current Assets		10,159,957	11,680,492
Total assets		15,157,032	14,843,840
Liabilities			
Current liabilities			
Trade and other payables	34	14,110,013	4,293,684
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Total Current Liabilities		14,110,013	4,293,684
Non-current liabilities			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability	40		
Total Non-current liabilities		0	0
Total Liabilities		14,110,013	4,293,684
Net assets		1,047,019	10,550,156
Revaluation reserve			

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Accumulated surplus/Deficit		3,332,766	1,499,039
Capital Fund		(2,285,747)	9,051,117
Total Reserves		1,047,019	10,550,156
Total Net Assets and Liabilities		15,157,032	14,843,840


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VIII. Statement of Changes in Net Asset for The Year Ended 30 June 2023

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2022	-	1,499,039	-	-
		-	-	-
At July 1, 2023	-	1,499,039	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,833,727		1,833,727
Capital/Development grants	-	-	(2,285,747)	(2,285,747)
At June 30, 2023	-	3,332,766	(2,285,747)	1,047,019

The Hospital's financial statements were approved by the Board on 21/6/2023 and signed on its behalf by:


AGNES MUENDO
 Chairman
 Board of Management


DORCUS KASIMBA
 Head of Finance
 ICPAK No: 30184


DR LYNN KIEMA
 Medical Superintendent

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IX. Statement of Cash Flows for The Year Ended 30 June 2023


Description	Note	2022/23 Kshs	2021/22 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		7,525,000	18,010,250.00
Grants from donors and development partners			-
In-kind contributions from the County Government		-	-
Public contributions and donations			
Rendering of services- Medical Service Income		4,970,251	5,920,140.50
Revenue from rent of facilities			24,000.00
Finance / interest income			
Other receipts-NHIF income		18,916,751	20,296,596.50
Total Receipts		31,412,002	44,250,987
Payments			
Medical/Clinical costs		7,433,666.00	15,557,197.00
Employee costs		11,798,622	9,764,070.00
Board of Management Expenses		370,000	498,000.00
Repairs and maintenance		3,147,853	5,050,444.00
Grants and subsidies			
General expenses		6,127,231	10,619,542.00
Finance costs			
In-kind contributions from the County Government		-	-
Refunds paid out		20,000	
Total Payments		28,897,372	41,489,253
Net cash flows from operating activities	41	2,514,630.00	2,761,734.00
Cash flows from investing activities			


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Purchase of property, plant, equipment, & intangible assets		(680,903.00)	(1,262,695.00)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(680,903.00)	(1,262,695.00)
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		0	-
Net increase/(decrease)in cash and cash equivalents		1,833,727.00	1,499,039.00
Cash and cash equivalents at 1 July	27	3,163,348	1,664,309.00
Cash and cash equivalents at 30 June	27	4,997,075	3,163,348.00

The Hospital's financial statements were approved by the Board on 21/6/24 and signed on its behalf by:


AGNES MUENDO
 Chairman
 Board of Management


DORCUS KASIMBA
 Head of Finance
 ICPAK No: 30184


DR LYNN KIEMA
 Medical Superintendent

Mbooni Sub County Hospital (Makueni County Government)
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X. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2023

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	7,525,000	-	7,525,000	7,525,000	-	100%
Grants from donors and development partners		-			-	
Transfers from other Government entities		-			-	
In Kind contributions from the county	46,245,238	-	46,245,238	46,245,238	-	100%
Rendering of services- Medical Service Income	4,970,251	-	4,970,251	4,970,251	-	100%
Revenue from rent of facilities		-			-	
Finance / interest income		-			-	100%
Other receipts –Nhif Income	18,916,751	-	18,916,751	18,916,751	-	100%
Total income	77,657,240	-	77,657,240	77,657,240	-	100%
Expenses						
Medical/Clinical costs	7,433,666	-	7,433,666	7,433,666	-	100%
Employee costs	11,798,622	-	11,798,622	11,798,622	-	100%
Remuneration of directors	370,000	-	370,000	370,000	-	100%
Repairs and maintenance	3,147,853	-	3,147,853	3,147,853	-	100%
In Kind contributions from the county	46,245,238	-	46,245,238	46,245,238	-	100%
General expenses	6,127,231	-	6,127,231	6,127,231	-	100%
Finance costs		-			-	
Depreciation and amortization expense	680,903	-	680,903	680,903	-	100%
Refunds	20000	-	20000	20000	-	100%
Total Expenses	75,823,513	-	75,823,513	75,823,513	-	100%
Surplus for the period	1,833,727	-	1,833,727	1,833,727	-	100%
Capital expenditure						

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AGNES MUENDO



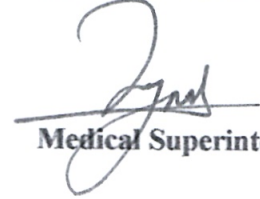
**Chairman
Board of Management**

DORCAS KASIMBA



**Head of Finance
ICPAK No: 30184**

DR LYNN KIEMA



Medical Superintendent

XI. Notes to the Financial Statements

1. General Information

Mbooni Sub County Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Mbooni Sub County Hospital principal activity is provision of Healthcare 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 Mbooni Sub County Hospital accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Mbooni Sub County Hospital.

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that 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>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<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

Mbooni Sub County Hospital did not adopt any new or amended standards in the year 2021/2022.

4. Summary of Significant Accounting Policies

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 22/23 was approved by Board on 30th June, 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. MbooniSub county Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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) 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.

l) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) Comparative figures

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

s) 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.

Notes to the Financial Statements (Continued)

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	2022-23	2021-22
	KShs	KShs
Unconditional grants		
Operational grant-UHC	7,525,000.00	18,010,250
Operational grant-R11		
Level 5 grants	-	-
Other grants		-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA		-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	7,525,000.00	18,010,250.00

Mbooni Sub County Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

7. 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 2022/2023
			KShs	KShs	KShs
Makueni County Government	7,525,000	-	-	7,525,000	7,525,000
Total	7,525,000	-	-	7,525,000	7,525,000

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	-	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	46,245,238	82,333,623
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	46,245,238	82,333,623

8. Grants from Donors and Development Partners

Description	2022/2023	2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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Notes to the Financial Statements (Continued)

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

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

9. Transfers from Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2022/23	2021/22
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

11. Rendering of Services-Medical Service Income

Description	2022/23	2021/22
	KShs	KShs
Pharmaceuticals	1,159,460.00	1,114,430.00
Non-Pharmaceuticals	773,261.00	404,000.00
Laboratory	783,700.00	409,190.00
Radiology	173,300.00	109,350.00
Orthopedic and Trauma Technology	125,650.00	166,350.00
Theatre	19,600.00	35,750.00
Accident and Emergency Service	10,450.00	-
Anesthesia Service	-	-
Ear Nose and Throat service	6,300.00	13,700.00
Nutrition service	8,900.00	10,650.00
Inpatient services	623,030.00	250,350.00
Dental services	108,350.00	61,400.00
Outpatient services	19,300.00	163,040.00
Medical records	451,850.00	-
Physiotherapy services	20,100.00	-
Other income	-	282,900.00
Occupational therapy services	1,100.00	-

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Farewell home services	399,650.00	249,200.00
Other medical services income	259,250.00	2,649,830.50
Total revenue from the rendering of services	4,943,251	5,920,140.50

Notes to the Financial Statements (Continued)

12. Revenue from Rent of Facilities

Description	2022/2023	2021/2022
	KShs	KShs
Residential property	-	-
Commercial property	27,000	24,000.00
Total Revenue from rent of facilities	27,000	24,000.00

13. Finance /Interest Income

Description	2022/2023	2021/2022
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Other Income

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries-NHIF	18,916,751.00	19,711,696.50
Insurance Recoveries-Makueni Care	-	404,000.00
Income from sale of tender	-	170,000.00
Services concession income	-	-
Sale of goods (water, publications, containers etc.)	-	10,900.00
Total other income	18,916,751.00	20,296,596.50

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/23	2021/22
	KShs	KShs
Dental costs/ materials		73,500.00
Laboratory chemicals and reagents	856,936.00	2,934,705.00
Chemical and Industrial gases	298,303.00	382,425.00
Food and Ration	3,091,994.00	5,491,912.00
Uniform, clothing, and linen	70,000.00	249,900.00
Dressing and Non-Pharmaceuticals	1,010,537.00	2,922,355.00
Pharmaceutical supplies	1,206,070.00	1,640,760.00
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	621,706.00	1,861,640.00
Purchase of Medical gases	245,000.00	
X-Ray/Radiology supplies	9,600.00	
Other medical related clinical costs-Fuels	23,520.00	
Total medical/ clinical costs	7,433,666.00	15,557,197.00

16. Employee costs

Description	2022/23	2020/21
	KShs	
Salaries, wages, and allowances	10,736,042	7,303,260
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 -Locums	1,062,580	2,460,810
Employee costs	11,798,622	9,764,070

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022/2023	2021/2022
	KShs	KShs
Chairman's Honoraria		-
Sitting allowance	370,000.00	498,000.00
Mileage		-
Insurance expenses		-
Induction and training		-
Travel and accommodation allowance		-
Airtime allowances	-	-
Total	370,000.00	498,000.00

18. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	2,201,438.18	3,429,203.00
Intangible assets	-	-
Investment property carried at cost		-
Total depreciation and amortization	2,201,438.18	3,429,203.00

19. Repairs and Maintenance

Description	2022/23	2021/22
	KShs	KShs
Property- Buildings	705,009.00	1,668,629
Medical equipment	556,704.00	1,079,240
Maintenance of plant machinery and equipment	966,288.00	909,980
Office equipment		
Furniture and fittings	28,615.00	116,355
Computers and accessories	203,363.00	412,100
Motor vehicle expenses	687,874.00	864,140
Maintenance of civil works		
Total repairs and maintenance	3,147,853	5,050,444

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Notes to the Financial Statements (Continued)

20. Grants and Subsidies

Description	2022/2023	2021/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2022/23	2020/21
	KShs	KShs
Advertising and publicity expenses		148,412.00
Catering expenses	96,450.00	399,878.00
Seminars, Trainings, Conferences		174,200.00
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	37,520.00	26,873.00
Conferences and delegations		
Consultancy fees		
Contracted services/ Guards	497,500.00	650,000.00
Electricity expenses		
Animal feeds		191,670.00
Research and development expenses		
Travel and accommodation allowance	727,022.00	1,803,163.00
General office expenses	1,193,568.00	2,029,371.00
Licenses and permits		
Courier and postal services		9,450.00
Printing and stationery		820,000.00
Other Fuels		

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	23,520.00	97,600.00
Rent expenses		
Water and sewerage costs		170,000.00
Skills development levies		
Telephone and mobile phone services	242,971.00	448,940.00
Internet expenses	69,568.00	
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
In Kind Contributions from the County Government		
Refined fuels	3,239,112.00	3,649,985.00
Total General Expenses	6,127,231.00	10,619,542.00

22. Finance Costs

Description	2022/2023	2021/2022
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23. Gain/Loss On Disposal of Non-Current Assets

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2022/2022	2021/2022
	-	KShs
Investments at fair value	-	-
Total gain	-	-

25. Medical Services Contracts Gains /Losses

Description	2022/2023	2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions		
Total Gain/Loss		

26. Impairment Loss

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

Notes to the Financial Statements (Continued)

27. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	4,997,074.80	3,163,347.80
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	4,997,074.80	3,163,347.80

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1144710650	4,953,864.50	3,134,853.50
Kenya Commercial bank	1157798705	43,210.30	28,494.30
Sub- total		4,997,074.80	3,163,347.80
b) On - call deposits			
Kenya Commercial bank			-
		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		4,997,074.80	3,163,347.80

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Notes to the Financial Statements (Continued)

28. Receivables from Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables-Unpaid NHIF		
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables		

29. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

30. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies		
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total		

Mbooni Sub County Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	Computers	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 st July, 2021	-		-	6,081,500.00	1,195,000.00	6,570,500.00	-	13,847,000
Additions	-		-	306,695.00	177,000.00	779,000.00		1,262,695
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	6,388,195.00	1,372,000.00	7,349,500.00	-	15,109,695
At 1 st July 2022	-	-	-	5,749,375.50	1,029,000.00	4,902,116.50	-	11,680,492
Additions	-	-	-	176,695.00	50,000.00	454,208.00	-	680,903
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/2023	2021/2022
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

33. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	(-)	(-)
At end of the year	-	-

33. Trade and Other Payables

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	14,110,013.35	4,293,684.00
Employee dues	-	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	14,110,013.35	4,293,684.00

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Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2022/2023	2021/2022
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others	-	-
Total deposits	-	-

36. Provisions

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

37. Finance Lease Obligation

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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

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

39. Borrowings

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

Notes to the Financial Statements (Continued)

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

Description	2022/2023	2021/2022
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

40 .Service Concession Arrangements

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

41. Cash Generated from Operations

Description	2022/2023	2021/2022
Surplus for the year before tax	KShs	KShs
Adjusted for:		
Depreciation	(2,201,438.18)	(3,429,203.00)
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory		
Decrease in receivables	(9,393,945.17)	1,897,253.00
Increase in deferred income		
Increase in payables	14,110,013.35	4,293,684.00
Increase in payments received in advance		
Net cash flow from operating activities	2,514,630.00	2,761,734.00

Mbooni Sub County Hospital (Makueni County Government)
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Increase in inventory		-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	14,110,013.35	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,953,727.00	3,163,347.80

Notes to the Financial Statements (Continued)

42. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions		-	-	-
Receivables from –non-exchange transactions		-	-	-
Bank balances		-	-	-
Total		-	-	-
At 30 June 2023				
Receivables from exchange transactions		-	-	-
Receivables from –non-exchange transactions		-	-	-
Bank balances		-	-	-
Total		-	-	-

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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.

	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 2023				
Trade payables	-		14,110,013.35	14,110,013.35
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-		14,110,013.35	14,110,013.35

Notes to the Financial Statements (Continued)

(iii) Market risk

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

The 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

Mbooni Sub County Hospital 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 2023			
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 2023			

*Mbooni Sub County Hospital (Makueni County Government)
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Annex I: Pending Bills List

S/NO	DESCRIPTION	Kshs
1	Pharma supplies drugs	1,114,000.00
2	Other operating expenses	1,138,800.00
3	Electricals-others	490,898.00
4	Other fuels	17,500.00
5	Sanitary & cleasing	813,020.00
6	Laboratory	1,965,064.00
7	Dressing & non-pharms	1,606,540.00
8	Maintenance of building	119,650.00
9	Water	173,000.00
10	Medical equipment I	287,444.03
11	Physiotherapy	42,600.00
12	Orthopedic materials	172,800.00
13	Maintenance of computers	152,525.00
14	X-ray materials	294,400.00
15	Dental materials	121,000.00
16	Chemical gases	180,453.32
17	Maintenance of plants and machinery	271,600.00
18	Food and rations	4,824,119.00
19	Maintenance of Motor Vehicle	324,600.00
	TOTAL	14,110,013.35

APPENDIX II: Inter-Entity Confirmation Letter

REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY



**OFFICE OF THE MEDICAL SUPERINTENDENT
MBOONI SUB COUNTY HOSPITAL
P.O. BOX 116 – 90125 – KIKIMA Mobile No: 0733 242 783
Email: mboonisdh@yahoo.com**


Mbooni Sub County Hospital wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Mbooni Sub County Hospital as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by Mbooni Sub County Hospital (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
UHC/HOSP/CI/HVOL 126	2/5/2023	7,500,000			7,500,000	7,500,000	
THS/HOSP/CI/HVOL 154	9/6/2023	25,000			25,000	25,000	
Total		<u>7,525,000</u>			<u>7,525,000</u>	7,525,000	

Mbooni Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Head of Accounts department of Mbooni Sub County Hospital:

Name: Dorcus Kasimba **Sign:**  **Date:** 21/6/24