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REPORT

OF

THE AUDITOR-GENERAL

ON

MTWAPA SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KILIFI

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**MTWAPA SUB COUNTY Level 4 HOSPITAL
(Kilifi 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)

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

Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management.....	viii
5. Chairman's Statement.....	ix
6. Report of The Medical Superintendent.....	xi
7. Statement of Performance Against Predetermined Objectives.....	xiv
8. Corporate Governance Statement.....	xix
9. Management Discussion and Analysis.....	xxi
10. Environmental And Sustainability Reporting.....	xxvii
11. Report of The Board of Management.....	xxx
12. Statement of Board of Management Responsibility.....	xxxix
13. Report of the Independent Auditor (specify entity name).....	xxxixiii
14. Statement of Financial Performance for The Year Ended 30 June 2023.....	1
15. Statement of Financial Position As At 30 th June 2023.....	2
16. Statement of Changes in Net Asset for The Year Ended 30 June 2023.....	4
17. Statement of Cashflows for The Year Ended 30 June 2023.....	5
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023.....	6
19. Notes to the Financial Statements.....	7
20. Appendices.....	53

1. Acronyms & Glossary of Terms

PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MSCH	Mtwapa Sub County Hospital
HMT	Hospital Management Team
HMB	Hospital Management Board
CECM	County Executive Committee member
DOH	Department Of Health

Fiduciary Management Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Mtwapa Sub-County Hospital is a level (4) hospital established under gazette notice number 6340 of Vol. CXXIV No. 100 dated 3rd June 2022 and is domiciled in Kilifi County in Kilifi South Sub-County, Shimo la Tewa ward. It is situated along the old Mombasa- Malindi highway approximately 20kms from Mombasa and 56.2kms from Kilifi town respectively under the Health and Sanitation Department. The hospital is governed by a Board of Management

(b) Principal Activities

i. Vision

The vision of MSCH is to maintain Center of excellence in healthcare delivery and to be a self-sustaining referral Hospital in the Kilifi south Sub-county and beyond

ii. Mission

The mission of the Hospital is to provide affordable, acceptable and timely quality Health care to the people of Kilifi South Sub- County and beyond

iii. Mandate

The main mandate of MSCH is to provide quality and affordable curative, preventive, promotive and rehabilitative health services as provided for in the Public Health Act. Cap 242 of the Laws of Kenya.

iv. Core value

Patient/client centered

Performing to the highest standards of Professionalism.

Respect and compassion for all patients / clients

Offer best quality services

Key Management

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

County department of health and Sanitation Services

Board of Management

Accounting officer/Medical Superintendent

Hospital Management Team

(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. Samiya Abeid Mabruk
2.	Health Administrative Officer	Emmanuel Yawa Makupe
3.	Fund Administrator	CPA Racheal Bahati
4.	Head of Nursing services	Josephine W. Wanjiru
5.	Head of finance	Mwanahawa Mohamed
6.	Head of supply chain	Anastasia Harusi Karisa

Name	Details of qualifications and experience
1. Dr. SamiyaMabruk	Dr. Mabruk is the Medical Superintendent of the hospital. She is a Medical Officer (MBchB) from University of Algiers, Algeriawith more than eleven years in clinical service experience and seven years experience in management.
2. Mr. Emmanuel Makupe	Mr. Makupe is a graduate with a Bachelors degree in Business Management from Moi University with over 6 years working experience. He also holds a diploma in Business Administration and Currently Pursuing an MBA in Health Management.
3. Sister Josephine Wanjiku	Sister Josephine has a diploma in Nursing from Nyeri medical collage. Currently a senior Registered Nurse with more than ten year experience in management.
CPA Racheal Bahati	Mrs. Racheal is a Senior Accountant at County Government of Kilifi. She has eleven years' professional experience as an Accountant.She holds Bachelor of Commerce(Accounting) from The University of Nairobi and also a Certified Public Accountant(CPA).Racheal also holds MBA from the University of Nairobi.

4. Madam Mwanahawa	Madam Mwanahawa holds a diploma in ATD in accounts from Shanzu Teachers collage and currently pursuing CPA and has more than 8 years experience in accounts
5. Madam Anastasia Karisa	Madam Anastasia holds a diploma in procurement and Supply Chain Management From Mount Kenya University with more than seven year working experience.

(d) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i The County Assembly

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

ii The Controller of budget

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

County executive committee

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

iv. Internal Auditor Department

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

Key Entity Information and Management (continued)

(e) Entity Headquarters








P.O. Box 9
Mtwapa Hospital Building
Kwa Chief Road
Mtwapa, Kenya


(f) Entity Contacts

Telephone: (+254) 700644848
E-mail: mtwapaschl4@gmail.com
Website:

- (g) **Entity Bankers**
Co-operative Bank of Kenya
Kilifi Branch
P.O BOX 2022, 80108
Kilifi, Kenya
Kenya Commercial Bank
Mtwapa Branch
P.O BOX .., 80108
Mtwapa, Kenya
- (h) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (i) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (j) **County Attorney**
Kilifi plaza
Hospital road
P.O. Box.519
Kilifi, Kenya

3. The Board of Management

Ref	Directors	Details	QUALIFICATION S
1.	 Godfrey Barasa	Chairperson	Bachelors Degree in Theology and Diploma in Sales and Marketing
2.	 Dr.Samiya Mabruk	Secretary	Bachelors Degree in Medicine and Surgery
3.	 Jane Nzai	Member	Bachelors of Education Special needs
4.	 Tarhmohamed A. Kana	Member	Bachelors Degree in Veterinary Medicine and a Diploma in Animal Husbandry
5.	 Abdullah M. Mohamed	Member	Diploma in Computer System Design
6.	 FatmaJeneby	Member	Masters in Community Psychology, Bachelors of Arts, Higher Diploma in Anaesthesia and Diploma in Clinical medicine and surgery.
7.	 ChilsonLwangu	Member	Diploma in Business book keeping and Accounting and Diploma in Business Administration

8.		Aquinas Mung'atia	Member	Masters of Business Administration strategic management, Bachelors of Science Hotel and Institutional Management
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4.Key Management Team

Ref	Directors	Details
1.	Dr. Samiya Abeid Mabruk	Medical Superintendent
2.	Mr. Emmanuel Yawa Makupe	Hospital Administrator
3.	Josephine Wanjiku Wanjiru	Nursing Officer Incharge
4.	John Mulwa Musau	Clinical Service Coordinator
5.	Margaret Eghwa Mwambuwa	Health Records Incharge
6.	Amina Mwinyi Hanzua	Diagnostic Services Coordinator
7.	Vickson K. Baya	Pharmaceutical Coordinator
8.	Nelson Kalume	Biomedical Engineering
9.	Damaris Awino Agango	Nutrition Incharge

4. Chairman's Statement

Mtwapa Sub County Hospital exists and operates within a broader cosmopolitan, socio-economic and political context. The understanding of this environment is critical in enabling the hospital to position itself strategically to take advantage of emerging opportunities and deal with threats. Of fundamental importance in this environment is government policy. As a public hospital, Mtwapa Sub County Hospital is governed by the policies and regulations set forth by both the Ministry of Health and the County department of health and Sanitation services. The Hospital's main mandate is to provide quality and affordable curative, preventive, promotive and rehabilitative health services. It offers general outpatient, maternity services and specialized clinical services in various disciplines. It serves as a centre for training of medical student and health workers. In playing its constitutional mandated role for health service delivery, the Mtwapa Sub-County Hospital focuses on translating the broader GoK health sector strategic aspirations into operational implementation imperatives. In so doing, it has always been guided by a clear strategic imperative including its vision and mission statements; and core organizational principles and values. The key strengths for Mtwapa Sub-County Hospital include;

Highly skilled personnel

- ✓ Team work
- ✓ Availability of specialists
- ✓ Strong and committed leadership
- ✓ A centre of excellence in service delivery
- ✓ Strong community linkage

Excellent youth friendly services including first time young mother clinic

The hospital has taken advantage and maximised on these strengths to have a competitive edge in the market and to ensure best service delivery to our prospective customers.

However, the hospital also faces a myriad of challenges including but not limited to;

- ✓ Under-staffing
- ✓ Inadequate land for expansion
- ✓ Inadequate infrastructure
- ✓ Lack of an integrated EMR/ICT system
- ✓ Inadequate working tools and equipment
- ✓ Inadequate security surveillance system.
- ✓ Lack of inpatient/theatre services

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

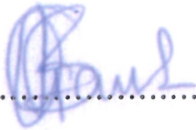
- ✓ Lack of utility vehicle
- ✓ Inconsistent supply of medical commodities

These challenges are hindering the provision of optimal health care service delivery to our clients and need to be addressed to ensure efficient services.

Future plans of the hospital is to establish an inpatient and theatre services, strengthen referral system, NHIF clients clinic, establish a fully-fledged 24hrs accident & emergency unit introduce surgical outpatient & paediatric clinicS

It is in this regard that I have the pleasure to present the Mtwapa Sub County Hospital financial statements for 2022/2023 ending 30th June 2023. The financial statements present the financial performance of HSIF fund in relation to ensuring affordable and quality healthcare.

Godfrey Barasa



.....

Chairman to the Board

5. Report of The Medical Superintendent

BACKGROUND

Mtwapa Sub-County Hospital was established in the 1930s as a dispensary in a chief's camp due to public demand offering general outpatient services in a single room.

In 1946, it was manned by the local government council of Mombasa, after independence in 1963, it was transferred to Kilifi district. In 1996, primary health care services started in community level, in October 2000 the Abuja declaration on health became a rallying call to mobilize more resources from the government coffers for the health sector, this time round HIV had worsen thus started HIV programs in the community which has now been taken over by UHC.

In 2004, Mtwapa dispensary was upgraded to MTWAPA HEALT CENTRE due to influx of population after the KAYA BOMBO massacre in 1998-1999.

Mtwapa health Centre won the PHARMACIA UPJOHN AWARD –NURSES NATIONAL AWARD OF THE YEAR 4 times in a raw 1997 – 2000. The excellence in Reproductive Health Services lead to recognition of the facility as a CENTRE OF EXCELLENCE IN 2012 by UNFPA.

Due to increased demand/ uptake of services by the community including our neighbouring county Mombasa and an increase in catchment population of upto 67749, it necessitated the upgrade of the facility to a level 4. On 3rd June 2022 the facility was gazetted to a Sub-County hospital though gazette notice number 6340 Vol. CXXIV no. 100.

The Hospital offers general outpatient, maternity services and specialized clinical services in various disciplines. It serves as a centre for training of medical student including, nursing, clinicians, community health, social work, psychologists, nurse assistants, emergency medical technicians, nutritionists, orthopaedic and trauma, medical records, and health workers. In playing its constitutional mandated role for health service delivery, the Mtwapa Sub-County Hospital focuses on translating the broader GoK health sector strategic aspirations into operational implementation imperatives. In so doing, it has always been guided by a clear strategic imperative including its vision and mission statements; and core organizational principles and values towards implementation of the annual work plan. The hospital has 90 staff: consisting of 41 permanent and pensionable, 7 UHC staff, 2 County contracted casuals, 4 security guards, 3 Locum staff, 19 facility casuals (technical and non-technical) 14 partner supported staff. The hospital has not outsourced any services.

FINANCE

Revenue

The hospital's revenue is derived from Health Services Improvement Funds (HSIF), County grants, and donors. Being a newly gazette facility, collection of user fees started on 24th October 2022. The facility used to offer free services as a health centre before the upgrade to level 4 and the introduction of charges for the services offered saw a dwindle in uptake of services and workload of 75%. As a mitigating factor, community sensitization strategies were put in place, such as public barazas, CHV sensitization, health talks and advertisement. With this, the service uptake gradually picked up and by towards the end of the financial year it rose to

During this period, the hospital managed to collect a total of Ksh 8,863,051. The key drivers of our revenue included Pharmacy, Laboratory, Maternity and Radiology which contributed to the total revenue.

Expenditure

The total expenditures during the period amounted to Kshs. 6,237,436 representing 98.% of the total approved budget.

ACHIEVEMENTS

The HMB and hospital management realized great achievement in terms of revenue generation, and expenditure towards improving service delivery. This includes;

- ✓ Payment of salary backlog of more than 6months
- ✓ Operationalization of 24 hour service through engagement of staff on locum
- ✓ Infrastructural development such as renovation of TB clinic and administration offices
- ✓ Procurement of commodities in various sections including fuel
- ✓ Repair of ambulance

Mtwapa Sub-County Hospital being a facility on transition from level 3 to level 4, was faced with a lot of challenges ranging from community resistance towards upgrade, financial constraints, inadequate human resource, environmental challenges, infrastructural (incompletion and non-operationalization of inpatient/theatre building) and lack of integrated EMR that the hospital has to address in order to succeed in achieving upgraded healthcare services.

LOOKING FORWARD

Operationalization of the inpatient and theatre services is one of the key components in the upgrade of services to level 4. With the realization of this, the facility will improve on the quality of care, minimize on referral and greatly improve on revenue collection.

APPRECIATION

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, county government of Kilifi, development partners specifically Aga Khan Hospital for supporting us with E-Learning facility and equipping of accident and emergency unit, stakeholders, hospital management and staff for their continued support and commitment which made us achieve these results. I look forward to your continued support in the year 2023/2024.

Dr. Samiya Mabruk

Hospital Medical Superintendent

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapaschl4@gmail.com
MOB: 0700 644 848

6. 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.

Mtwapa Sub-County Hospital has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2022- 2023. These strategic pillars are as follows;

1. Service Delivery
2. Health workforce
3. Management of hospital infrastructure
4. Leadership and Governance

Mtwapa Sub-County Hospital develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2022/2023 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service Delivery	<ul style="list-style-type: none"> • To Enhance customer care services 	<ul style="list-style-type: none"> • Presence of a triage desk • Presence of a customer exit survey report • Presence of a customer complaints and status register • Presence of an active health ethics committee 	<ul style="list-style-type: none"> • Establishing a triage desk • Introduction of a customer complaint and complement register • Conduct exit interview • Formation of 	<ul style="list-style-type: none"> • A functional triage desk introduced at outpatient, at the entrance • Complaints and complement register introduced. • An active health ethics committee

			Health ethics committee	
	<ul style="list-style-type: none"> Enhance Continuous Quality Improvement 	<ul style="list-style-type: none"> Number of meetings for the QIC and IPC Presence of appointment letters Presence of minutes 	<ul style="list-style-type: none"> Issuing of appointment letters Conduct meetings Implementation of recommendations from the meetings 	<ul style="list-style-type: none"> Active committee in place Routine Meetings Held 75% achievement of the recommendation
	<ul style="list-style-type: none"> To improve service delivery 	<ul style="list-style-type: none"> Presence of 24/7 outpatient services Increased number of tests in the laboratory Improved availability of medical drugs Establishment of disability friendly service 	<ul style="list-style-type: none"> Engaging staff on locum to ensure continuum of care Procurement of reagents and drugs. Shifting of physiotherapy section to a new room for ease of accessibility. 	<ul style="list-style-type: none"> 100% Achievement of 24/7 outpatient coverage. Availability of more tests. Availability of drugs and other consumables Accessible service delivery room
	<ul style="list-style-type: none"> To Enhance Effective Internal and External 	Presence of a health services referral framework that observes: <ul style="list-style-type: none"> Client movement Health provider movement Clients' specimen 	<ul style="list-style-type: none"> Implementation of a Comprehensive Health 	<ul style="list-style-type: none"> Referral guidelines implemented 60%

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

	Referral Systems	<ul style="list-style-type: none"> movement Clients' parameters movement Management and coordination of referral services 	Services Referral Framework	
Health Workforce	<ul style="list-style-type: none"> Improved performance and management 	<ul style="list-style-type: none"> Increase in the number of health personnel Support Supervision Availability of signed checklists 	<ul style="list-style-type: none"> Lobbying the Recruitment of Human Resource Conduct support supervision Conduct routine checks 	<ul style="list-style-type: none"> Hired additional staffs on Locum basis Number of Supervisions conducted Improved standards.
	<ul style="list-style-type: none"> Staff Motivation Staff empowerment 	<ul style="list-style-type: none"> Number of contracted staffs paid on time Number of trainings conducted Number of Contracted technical staffs. Number of staffs motivated. 	<ul style="list-style-type: none"> Payment of contracted staff on time Conduct trainings/CM Es/ Drills/OJT Engagement of clinical officer, pharmaceutical technologist and laboratory technologists on locum. Conduct staff satisfaction survey. 	<ul style="list-style-type: none"> Motivated staff Improved skills in service delivery Improved service delivery
Management of	<ul style="list-style-type: none"> To provide 	<ul style="list-style-type: none"> Availability of an 	<ul style="list-style-type: none"> Lobby for 	<ul style="list-style-type: none"> Accident and

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

<p>hospital infrastructure</p>	<p>Modern Medical Equipment , plants and Machinery</p>	<p>equipped accident and emergency unit.</p> <ul style="list-style-type: none"> Operationalize inpatient unit and operating theatre. 	<p>construction and equipping of accident and emergency unit.</p> <ul style="list-style-type: none"> Lobby for handing over and equipping of the units 	<p>emergency equipment available.</p> <ul style="list-style-type: none"> No construction done yet (a room was set aside for to serve as A&E unit) Lobbying for handing over and equipping still in progress.
	<ul style="list-style-type: none"> To enhance Routine Maintenance of Infrastructures 	<ul style="list-style-type: none"> Renovation of the Tb clinic roof Renovation of administration office A well fenced waste pit 	<ul style="list-style-type: none"> Maintenance of Hospital Infrastructure Digging and fencing waste pit 	<ul style="list-style-type: none"> A well maintained roof Secured offices Well fenced waste pit available
<p>Leadership and governance</p>	<ul style="list-style-type: none"> To ensure smooth running of the hospital. 	<ul style="list-style-type: none"> Availabilit of an active Hospital Management Team Availability of various active committees Availability of an organogram 	<p>Appointment of the management team and the various committee members</p>	<ul style="list-style-type: none"> An active HMT in place Routine meetings Improved service delivery through implementation of

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

				the meetings recommendations
	<ul style="list-style-type: none"> • Staff development on leadership and governance 	<ul style="list-style-type: none"> • Trained personnel • Competent managers 	<ul style="list-style-type: none"> • Lobby for support for training of the managers 	<ul style="list-style-type: none"> • Ongoing

7 Corporate Governance Statement

Mtwapa Sub-County Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to the Ministry of Health, County Department of Health and Sanitation Services Kilifi County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

Board of Management

The Board of Management is composed of non-executive members appointed by the County Executive Committee Member (C.E.C.M) Health and Sanitation Kilifi County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is three years renewable subject to performance.

summarized below are the key roles and responsibilities of the Board:

Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.

Resource Mobilization

Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and

Review at regular meetings Management's performance against approved budget.

Identify implementation challenges and seek corrective actions

The full Board meets at least 4 times a year and the Chairperson has regular meetings/Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Main Board held 3 meetings attended by most of the members.

Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances, the allowance is paid as per the government of Kenya allowance circulars (SRC).

Committees of the Board

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. The standing committees are as follows:

Finance and general purpose committee

Quality Primary Healthcare Committee

Audit Sub Committee

9. Management Discussion and Analysis

facility introduced more tests at the laboratory section, introduced 24/7 outpatient coverage and accident and emergency services after having received a donation of equipment from Aga Khan. The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

Some of the details to be included under this section are;

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

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

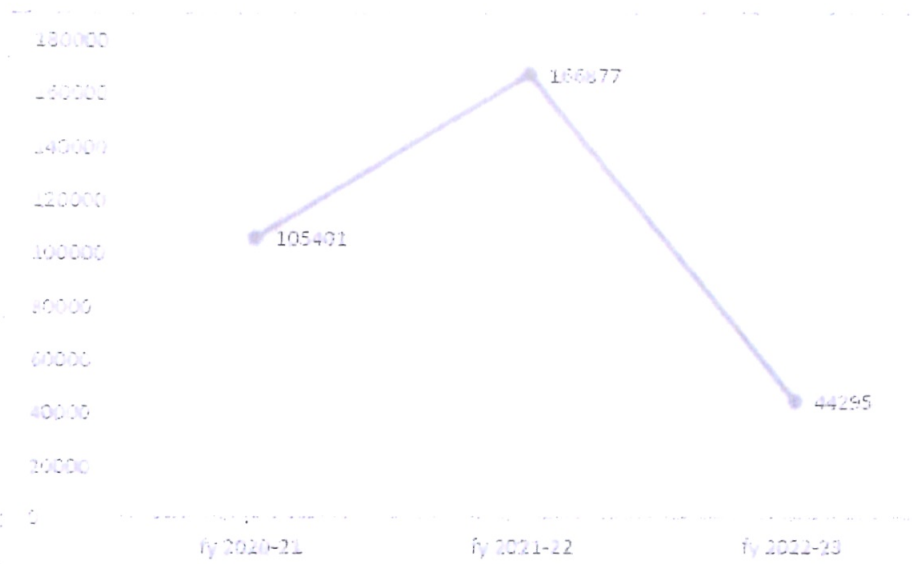
The Medical Superintendent will be assisted in performing the functions of his/her position by the Senior Management Team (SMT), which consists of the Medical Superintendent with the four key managers and the Hospital Management Team (HMT). The HMT is made up of the divisional heads. MtwapaSub-CountHospital has developed a governance framework defining the respective roles of the Management.

The hospital was upgraded to level four through a gazette notice number 6430 of Vol. CXXIV- No. 100 dated 3rd June 2022 and started collecting user fees towards the end of October the same year. This saw the facility work load drop by 75% due to the introduction of charges where the clients were used to free services. However; the workload gradually started picking up from April 2023, not to the same level but better than the first five months after introduction of user fees. With the upgrade, the

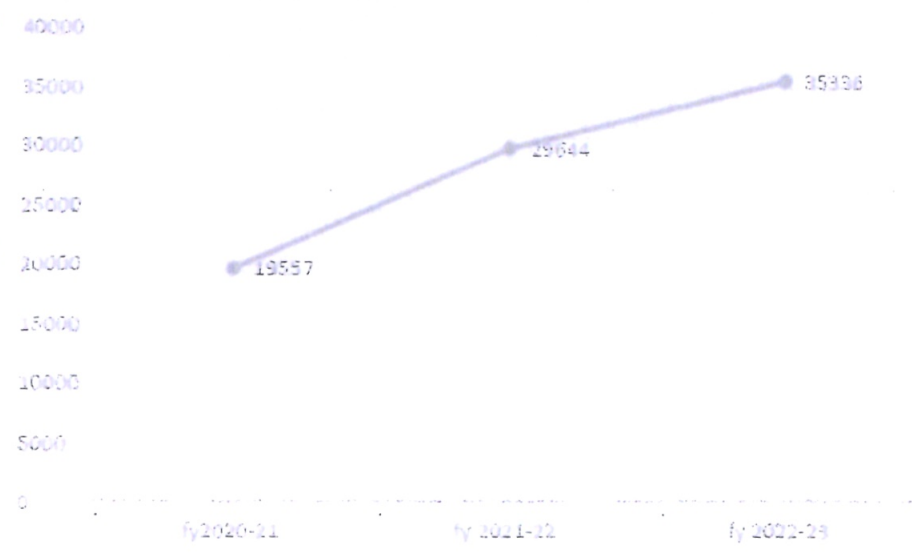
Clinical/operational performance

period	FY 2020-2021	FY2021-2022	FY2022-2023
Bed capacity	5	5	5
Patient attendance OPD	105401	166877	44295
Special clinic attendances	19557	29644	35336
Other attendances (Cacxovax,HTS)	7541	5927	4597
Maternity deliveries	1099	1571	1478

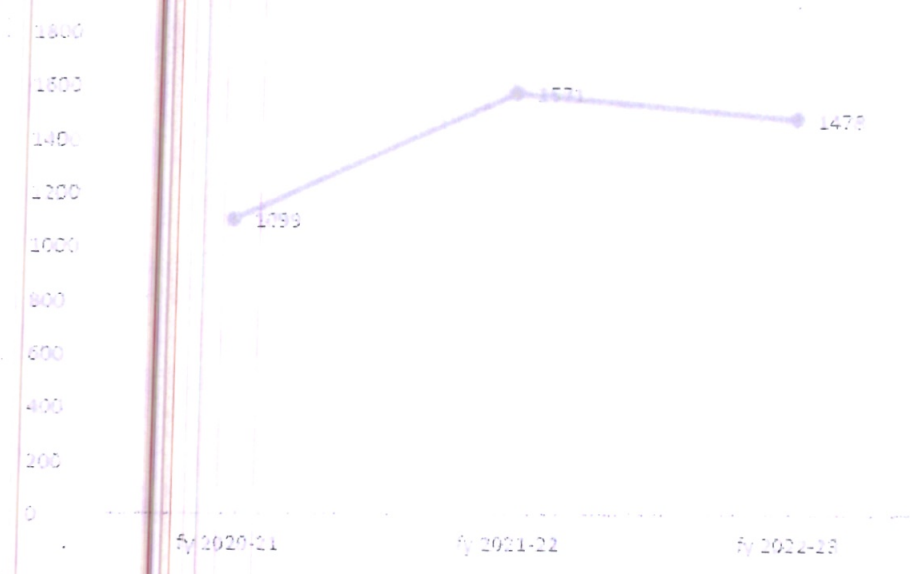
Opd attendance



Special clinics attendance summary



Maternity Deliveries



Financial performance that includes

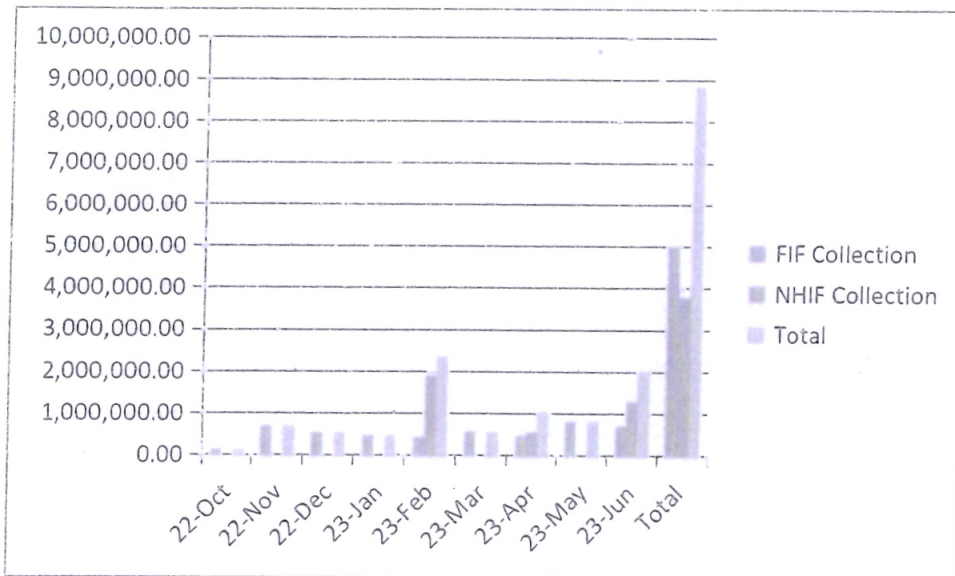
Revenue Sources

Mtwapa Sub-County Hospital Revenue Sources Includes:

- Conditional Grants
- User Fees Comprising of
 - Cash collection
 - NHIF Collections

FIF COLLECTIONS	NHIF	TOTAL
8,863,051	3,820,470	8,863,051

REVENUE GRAPH FY 2022/2023



ANALYSIS OF EXPENDITURE FY 2022/2023

A. EXPENDITURE RETURNS FY 2022- 2023

ITEM CODE	ITEM DESCRIPTION	APPROVED ESTIMATES	EXPENDITURE/PAYMENTS	BALANCE
		FY 2022/2023	FY 2022/2023	
2110201	Contractual Employee	2,699,812	2,699,812.00	-
2110202	Casual Labour	398,000	351,500.00	46,500.00
2120101	Employer Contributions to NSSF	64,112	64,112.00	-
2210301	Travel Cost(Airlines,bus,railway,mileage allowances etc)	50,000	37,400	12,600.00
2210303	Domestic - Daily Subsistence Allowance	481,900	481,600	300.00
2210201	Telephone, Telex, Facsimile and Mobile Phone Services	117,000	108,700	8,300.00
2210502	Printing and Publishing	200,000	192,460	7,540.00
2211001	Medical Drugs	240,000	0	240,000.00
2211002	Dressings and Non-Pharmaceutical	228,000	202,800	25,200.00
2211008	Lab materials,supplies and small equipment	319,000	318,398	602.00
2211016	Work shop tool and equipment	107,000	106,400	600.00
2210801	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	46,000	45,700	300.00
2210802	Boards, Committees, Conferences and Seminar	177,000	177,000	-
2211101	General office supplies	236,000	235,783	217.00
2211102	Supplies and Accessories for Computers and Printers	202,000	201,890	110.00
2211103	Sanitary and cleaning materials	214,000	213,572	428.00
2211201	Refined Fuel	344,000	344,000	-

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

2211204	Other Fuels	9,400	9,400	-
2220101	Maintenance of Motor Vehicle	307,500	299,104	8,396.00
2220205	Maintenance of Buildings and stations	118,800	112,035	6,765.00
2220201	Maintenance of plant,machinery and equipment	15,000	4,000	11,000.00
2211301	Bank Charges	3,626	2,050	1,576.00
2210202	Purchase of computers,printers and IT Equipment	86,000	0	86,000.00
2220210	Maintenance of Computer,Software and Networking	10,000	8,660	1,340.00
3110902	Purchase of household and institutional appliances	30,000	21,060	8,940.00
	TOTALS	6,704,150	6,237,436.00	466,714.00

10. Environmental And Sustainability Reporting

Mtwapa Sub-County Hospital exists to transform lives. It's what guides us to deliver our strategy, offering client centred services, delivering quality 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

Offering quality health care services is essential, hence the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that quality & continuity is secured. Mtwapa sub county hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Operationalization of the inpatient
- NHIF accreditation of the facility to level 4
- Enhancement of our specialized services such MOPC, SOPC, ORTHO etc.
- Introduction of A NHIF client clinic
- Public Private Partnership
- Enhancing Client satisfaction through quality service care
- Bringing on board more institutions i.e. lobbying for more engagement with other stake holders

ii) Environmental performance

Mtwapa Sub-County Hospital is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization.

Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose-off non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds
- Well fenced waste pit
- A proper holding area for sharp boxes.

Challenges

- Lack of an incinerator.
- High cost of fuel.
- Shortage of staffs
- Lack of a reliable means of transport for waste.

Efforts to Reduce Environmental Impact of Waste Products

Waste is burned on a regular basis to avoid piling of waste, the burning is also done after working hours to minimise inconvenience of staff and patients through smoke emission.

The waste is transported using designated waste carriers to designated incinerators.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions. There are regular CMEs, drills conducted at the facility and debriefing sessions for psycho-social support.

Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

The Human Resource Policies and Procedures Manual also provides guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices

a) Responsible completion practices

This is effectively done through making good use of the instituted internal committees to help minimize corruption.

b) Responsible supply chain and supplier relations

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

c) Responsible marketing and advertisement

Effectively done using the local community engagement

d) Corporate social responsibility

- Conducting of regular outreaches to create awareness on various healthcare issues.
- Cancer patients supported by various partners through MSCH to visit their homes and give them support in various ways in their homes.
- Organization of free medical camps

Based on assessment, patients have reduced medical cost including waivers given by the hospital

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are to provide quality and affordable, preventive, promotive, rehabilitative and curative health services across the country

Results

The results of the entity for the year ended June 30 2023 are set out on pages 11 to 17

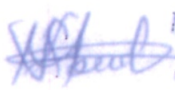
Board of Management

The members of the Board who served during the year are shown on page vi. During the year, 2022/2023 NO director(s) retired/ resigned,

Auditors

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

By Order of the Board


COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapasch14@gmail.com
Mob: 0700 644 848

Name: Dr.SamiyaMabruk

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the MSCH financial statements, which give a true and fair view of the state of affairs of the MSCH for and as at the end of the financial year (period) ended on June 30, 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 MSCH (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the MSCH financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 The Board members are of the opinion that the MSCH financial statements give a true and fair view of the state of MSCH transactions during the financial year ended June 30, 2023, and of the MSCH financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the MSCH which have been relied upon in the preparation of the MSCH financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

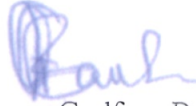
Nothing has come to the attention of the Board of management to indicate that the MSCH will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 31/07/2023

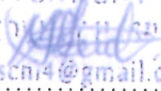
Mtwapa Sub County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

and signed on its behalf by:

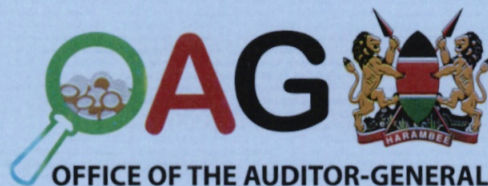


Name: Godfrey Barasa
Chairperson
Board of Management

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapascn4@gmail.com


Name: Dr Samiya Mabruk
Accounting Officer

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mtwapa Sub-County Level 4 Hospital - County Government of Kilifi set out on pages 1 to 53, which comprise of the

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

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 Mtwapa Sub-County Level 4 Hospital - County Government of Kilifi for the year ended 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. Non-Disclosure of Valuation Method for Inventories Balance

The statement of financial position reflects a balance of Kshs.1,278,843 in respect of inventories. However, the method used to value the inventories has not been disclosed contrary to the provisions of IPSAS 12 which provides guidance on the cost formulas that are used to assign costs to inventories.

In the circumstances, the measurement and fair valuation of the inventories balance of Kshs.1,278,843 could not be confirmed.

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.147,833,431 in respect of property, plant and equipment which is at variance with the balance of Kshs.147,395,420 disclosed in Note 29 to the financial statements by an unexplained and unreconciled variance of Kshs.438,011. Further, Management did not disclose the measurement, recognition criteria and method used to determine the carrying amounts of the property, plant and equipment components. This was contrary to paragraph 27 of IPSAS 17 which provides that, where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.147,833,431 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mtwapa Sub-County Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion, 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. Presentation and Disclosure of Financial Statements

The financial statements differed with the Notes to the financial statements as indicated in the table below:

Details	Reference Note in the Financial Statements	Actual Note to the Financial Statements
Transfers to HSIF Fund	5	9
Medical / Clinical Costs	6	13
Employee costs	7	14
General Expenses	8	19
Cash & Cash Equivalents	27	25
Receivables from Exchange Transactions	28	Not indicated
Inventories	30	28
Property, Plant & Equipment	31	29
Trade & Other Payables	34	32

In the circumstances, Management did not comply with the requirements of the financial reporting template issued by the Public Sector Accounting Standards Board (PSASB).

2. Non-Compliance with the Requirements of the Kenya Quality Model for Level 4 Hospitals

2.1. Staffing Requirements

Mtwapa sub county hospital was gazetted as a level 4 Hospital on 03 June, 2022. According to the Kenya Quality Model for Health Checklist designed for Level 4 hospitals, the recommended staffing consisting of one hundred and one (101) staff per hospital, who includes sixteen (16) Medical Officers, two (2) Anesthesiologists, two (2) General Surgeons, two (2) Gynecologists, two (2) Pediatricians, two (2) Radiologists, and seventy-five (75) Kenya Registered Community Health Nurses, alongside other essential professions. However, at the time of audit the hospital had two (2) medical officers, one (1) gynecologist and thirteen (13) registered community health nurses, all below the staff requirements.

2.2. Essential Services

Kenya Quality Model for Health requires level 4 Hospitals to offer services as subscribed. Mtwapa sub county hospital did not offer, renal dialysis, mortuary and autopsy services and advanced life support services as per the requirements.

2.3. Shortage in Bed Capacity

Kenya Quality Model for Health checklist applicable to level 4 Hospitals requires bed capacity of one hundred and fifty (150). However, Mtwapa Sub County hospital had eighty (80) beds resulting to a shortfall of seventy (70) beds.

2.4. Hospital Equipment and Machines

According to the Kenya Quality Model for Health checklist for level 4 Hospitals, a level 4 Hospital should have a new born unit with at least five (5) incubators and five (5) cots, three (3) resuscitaire, six (6) functional intensive care unit beds, six (6) High dependency Unit beds, five (5) renal unit with at least five (5) machines and two (2) functional operating theaters maternity and general. However, the Hospital has only two (2) resuscitaire and one (1) functional theater.

In the circumstances, the classification of the Hospital as a Level 4 Hospital did not meet the required threshold by the Kenya Quality Model for Health Policy Guidelines.

3. Weak Management of Pharmaceuticals Stores

3.1. Inadequate Storage of Pharmaceuticals

Physical inspection of the Hospital's storage facilities revealed that the Hospital did not have adequate storage space to maintain the quality of the drugs stored. This was contrary to Pharmacy and Poisons Board (PPB) guidelines for good distribution practices for Health Products and Technologies in Kenya, Section 2.4.2 which states that "Storage

areas should have sufficient capacity to allow the orderly storage of the various categories of health products and technologies, namely usable products, products in quarantine, released, rejected, returned, or recalled products."

3.2. Failure to Dispose Expired Pharmaceuticals

The Hospital had quarantined expired drugs as required by the Health Management Protocols. However, the quarantined medicines had not been disposed as required dating back to as early as the year 2018 which may lead to the Hospital inadvertently administering expired drugs to the patients.

In the circumstances, Management did not comply with the drug management requirements.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the 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

Board of 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain 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 the entity 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the appropriate 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 control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

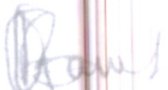
12 June, 2024


*Mtwapa Sub-County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

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

	Note	2022--2023 KShs
Revenue from non-exchange transactions		
Transfers from HSIF Fund	5	8,863,051
Total revenue		8,863,051
Expenses		
Medical/ Clinical Costs	6	734,770
Employee costs	7	3,115,424
Board of Management Expenses	9	96,000
General Expenses	8	1,867,443
Repair and Maintenance	10	423,799
Total expenses		6,237,436
Surplus/(deficit) for the period		2,625,615

The Hospital's financial statements were approved by the Board on 31/09/2023 and signed on its behalf by:


.....
Godfrey Obali Barasa
Chairman
Board of Management


.....
Head of Finance
ICPAK No:

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB-COUNTY HOSPITAL
E: mtwapa@kisumu.ac.ke
Dr Samiyā Mabruk Abeid
Medical Superintendent


14. Statement of Financial Position As At 30th June 2023

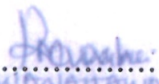
Description	Note	Insert Current FY 2022/2023
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	27	3,111,363
Receivables from exchange transactions	28	1,644,510
Receivables from non-exchange transactions	29	0
Inventories	30	1,278,843 (An nex 1)
Total Current Assets		6,034,716
Non-current Assets		
Property, plant, and equipment	31	147,833,431 (A nnex 2)
Intangible assets	32	0
Investment property	33	0
Total Non-current Assets		147,833,431
Total Assets		153,868,147
Liabilities		
Current Liabilities		
Trade and other payables	34	1,217,898
Refundable deposits from customers/Patients	35	0
Provisions	36	0
Finance lease obligation	37	0
Current portion of deferred income	38	0
Current portion of borrowings	39	0
Social Benefits	41	0
Total Current Liabilities		1,217,898
Non-current Liabilities		
Provisions	36	0
Non-Current Finance lease obligation	37	0
Non-Current portion of deferred income	38	0
Non - Current portion of borrowings	39	0

Mtwapa Sub-County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	Insert Current FY 2022/2023
		Kshs
Service concession liability	40	0
Social Benefits	41	0
Total Non-current Liabilities		0
Total Liabilities		1,217,898
Net Assets		
Revaluation reserve		0
Accumulated surplus/Deficit		2,625,615
Capital Fund		0
		0
Total Net Assets and Liabilities		3,843,513

The Hospital's financial statements were approved by the Board on 31/07/2023 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
.....
Medical Superintendent
Email: mtwapaschi4@gmail.com
Mob: 0700 644 848

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

	Accumulated surplus	Total
	KShs	KShs
Balance as at 1 July 2023	-	
Surplus/(deficit)for the period	2,625,615	2,624,615
Balance as at 31 March 2023	2,625,615	2,625,615

.....
 Godfrey Obali Barasa
 Chairman
 Board of Management


.....
 Head of Finance
 ICPAK No:


COUNTY GOVERNMENT OF KILIFI
 THE OFFICE OF THE MEDICAL
 SUPERINTENDENT
 MTWAPA SUB COUNTY HOSPITAL
 Email: mtwapa@kilifi.go.ke

.....
 Dr Samiya Mabruk Abeid
 Medical Superintendent

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

	Note	2022--2023
		KShs
Cash flows from operating activities		
Receipts		
Transfers from HSIF Fund	5	8,130,901
Total Receipts		8,130,901
Payments		
Medical/ Clinical Costs	6	734,770
Employee costs	7	3,115,424
Board of Management Expenses	8	96,000
General Expenses	9	649,545
Repair and Maintenance	10	423,799
Total Payments		5,019,538
Net cash flows from operating activities		3,111,363
Net increase/(decrease) in cash and cash equivalents		3,111,363
Cash and cash equivalents at 1 JULY 2020		-
Cash and cash equivalents at 30 JUNE 2021	11	3,111,363


.....
Godfrey Obali Barasa
Chairman
Board of Management


.....
MUNIRUWA
KOMBOL
Head of Finance
ICPAK No:

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB-COUNTY HOSPITAL
Email: mtwabaschi@2023.com
MOB: 0700 644 638
Dr Samiya Mabruk Abeid
Medical Superintendent

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


2. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023

	Original budget	Adjustments	Final budget	Actual on comparable	Performance difference	% utilisation
	2023	2023	2023	2023	2023	2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt & FIF Revenue		6,704,150	6,704,150	8,130,901	(1,426,751)	121%
Total income		6,704,150	6,704,150	8,130,901	(1,426,751)	121%
Expenses						
Medical/ Clinical Costs						
Employee costs		761,000	761,000	734,770	26,230	97%
Board of Management Expenses		3,161,924	3,161,924	3,115,424	46,500	99%
General Expenses		96,000	96,000	96,000	-	100%
Repair and Maintenance		2,248,926	2,248,926	1,867,443	381,483	83%
Total expenditure		436,300	436,300	423,799	12,501	97%
Surplus for the period		6,704,150	6,704,150	6,237,436	466,714	93%
				1,893,465	(1,893,465)	


Budget notes

1. Kshs 6,704,150..Changes between original and final budget indicating whether the difference is due other causes. (IPSAS 24.29)


The Hospital's financial statements were approved by the Board on 31/07/2023 and signed on its behalf by:



 Godfrey Barasa
 Chairman
 Board of Directors



 NIKHARATHAN ZIMBU
 Head of Finance



 COUNTY GOVERNMENT OF KILIFI
 THE OFFICE OF THE MEDICAL
 SUPERINTENDENT
 MTWAPA SUB COUNTY HOSPITAL
 Email: mtwapaschl4@gmail.com
 Mob: 0700 644 848

3. Notes to the Financial Statements

1. General Information

Mtwapa Sub-County Hospital is established by and derives its authority and accountability from Health Services Improvement Fund Act. The entity is wholly owned by the County Government of Kilifi and is domiciled in Mtwapa, Kenya. The entity's principal activity is to provide curative, preventive and promotive and rehabilitative health services.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act 2012 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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

Standard	Effective date and impact
IPSAS 41: Financial Instruments	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

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

Standard	Effective date and impact
	<p>IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of 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>

Standard	Effective date and impact
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> i. 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: ii. 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.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023

Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

b. Budget information

The original budget for FY 2023/2024 was approved by Board on **31st July 2023**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the recorded additional appropriations of 1,426,751 on the FY 2023/2024 budget following the Board's approval. The 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 on page 1 under section 12 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m. 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.

n. 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.

o. Nature and purpose of reserves

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

p. 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.

Notes to the Financial Statements (Continued)

q. 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.

r. 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.

s. 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.

t. 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.

Notes to the Financial Statements (Continued)

u. 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.

v. 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.

w. Comparative figures

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

x. 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, 2023

4. 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. Additional disclosure of these estimates of provisions is included in Note xxx. 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.

Notes to Financial Statements Continued

5 Transfers from HSIF Fund

Description	Jun-23
	KShs
Grants – HSIF Fund	8,130,901
Total	8,130,901

Notes to Financial Statements Continued

5. In Kind Contributions from The County Government

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	8,660,198	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	9,213,080	0
Utility bills	0	0
Total grants in kind	17,873,278	0

Utility Bills Billed directly to the county

6. Grants From Donors and Development Partners

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total					

Notes to Financial Statements Continued

7. Transfers From Other Government Entities

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	0	0

8. Public Contributions and Donations

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	Insert Current FY 2022.2023
	Kshs
Pharmaceuticals	1,100,081
Non-Pharmaceuticals	800,000
Laboratory	1,145,500
Radiology	900,500
Orthopedic and Trauma Technology	80,000
Consultation fee	451,500
Public health medical	300,000
Nutrition service	265,000
NHIF/LINDA MAMA	3,820,470
Total revenue from the rendering of services	8,863,051

Notes to the Financial Statements (Continued)

10. Revenue From Rent of Facilities

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

(Provide brief explanation for this revenue)

11. Finance /Interest Income

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

12. Miscellaneous Income

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

13. Medical/ Clinical Costs

Description	Insert Current FY	Insert Comparative FY 2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	318,398	0
Public health activities	0	0
Food and Ration	0	0
Uniform, clothing, and linen	0	0
Dressing and Non-Pharmaceuticals	202,800	0
Pharmaceutical supplies	0	0
Health information stationery	0	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	213,572	0
Purchase of Medical gases	0	0
X-Ray/Radiology supplies	0	0
Other medical related clinical costs (<i>specify</i>)	0	0
Total medical/ clinical costs	734,770	0

14. Employee Costs

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2023
	Kshs	Kshs
Salaries, wages, and allowances	2,893,700	0
Contributions to pension schemes	0	0
Employer contributions to Compulsory National social security scheme	93,500	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	128,224	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>)	0	0
Employee costs	3,115,424	0

Notes to the Financial Statements (Continued)

15. Board of Management Expenses

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	96,000	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	96,000	0

16. Depreciation and Amortization Expense

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

17. Repairs And Maintenance

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Buildings and stations	116,035	0
Medical equipment	0	0
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	8,660	0
Motor vehicle expenses	299,104	0
Maintenance of civil works	0	0
Total repairs and maintenance	423,799	0

Notes to the Financial Statements (Continued)

18. Grants And Subsidies

Description	Insert Current FY 2022/2023	Insert Comparative FY 2022/2023
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

19. General Expenses

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	45,700	0
Domestic travel and subsistence	481,600	0
General Office	235,783	0
Audit fees	0	0
Bank charges	2,050	0
Conferences and delegations	81,000	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	0	0
Fuel and Lubricants	344,000	0
Other Fuels	9,400	0
Research and development expenses	0	0
Travel and accommodation allowance	37,400	0
Supplies and Accessories	201,890	0
Licenses and permits	0	0
Courier and postal services	0	0
Printing and stationery	192,460	0
Hire charges	0	0

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year-Ended 30th June 2023

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Rent expenses	0	0
Working tools	106,400	0
Skills development levies	0	0
Telephone and mobile phone services	108,700	0
Internet expenses	0	0
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Purchase of Household	21,060	0
Total General Expenses	1,867,443	0

20. Finance Costs

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

21. Gain/Loss on Disposal of Non-Current Assets

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

22. Unrealized Gain On Fair Value Investments

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2023
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

23. Medical Services Contracts Gains /Losses

Description	Insert Current FY2022/2023	Insert Comparative FY2022/2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

24. Impairment Loss

Description	Insert Current FY2023	Insert Comparative FY2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

25. Cash And Cash Equivalents

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Current accounts	3,111,363	0
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	3,111,363	0

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

Notes to the Financial Statements (Continued)

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

Description		Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Co-operative bank	01141654777500	3,111,363	0
Kenta Commercial bank	01106619250	803.05	0
Sub- total		0	0
b) On - call deposits		0	0
Kenya Commercial bank		0	0
Equity Bank –etc		0	0
Sub- total		0	0
c) Fixed deposits account		0	0
Bank Name		0	0
Sub- total		0	0
d) Others(specify)		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		3,112,166.05	0

26. Receivables From Exchange Transactions

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	KShs	KShs
Medical services receivables	0	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	0	0

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

27. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors (<i>non-exchange transactions</i>)	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
Total	xxx	xxx

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

Analysis of Receivables From Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

28. Inventories

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Non Pharmaceutical supplies	202,800	0
Maintenance supplies	106,400	0
Supplies and accessories	201,890	0
Laboratory material supplies	318,398	0
Cleaning materials supplies	213,572	0
General supplies	235,783	0
Less: provision for impairment of stocks		0
Total	1,278,843	0

*Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023
Notes to the Financial Statements (Continued)*

29. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	-	-	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers/adjustments	xxx	xxx	(xxx)	xxx			xxx	(xxx)
At 30th Jun 2023	80,000,000	63,070,000	0	1,105,725	1,539,500	1,680,195	xxx	147,395,420
At 1 July 20XX (current year)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustments		xxx		xxx			(xxx)	-
At 30th Jun 20XX	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation and impairment								
At 1 July 20XX (previous year)		xxx	xxx	xxx	xxx	xxx		xxx
Depreciation for the year		xxx	xxx	xxx	xxx	xxx		xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
At 30 June 20XX		xxx	xxx	xxx	xxx	xxx		xxx

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 20XX (current year)		xxx	xxx	xxx	xxx	xxx		
Depreciation		xx	xxx	xxx	xxx	xxx		xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		xxx
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Transfer/adjustment		xxx	-	xxx	-	-	(xxx)	(xxx)
At 30 th June 20XX		xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net book values								
At 30 th Jun 20XX (previous)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th Jun 2023 (current)	80,000,000	63,070,000	0	1,105,725	1,539,500	1,680,195	xxx	147,395,420

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

30. Intangible Assets-Software

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Cost	0	0
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

31. Investment Property

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
Impairment	0	0
At end of the year	0	0

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The-Year-Ended 30th June 2023

Notes to the Financial Statements (Continued)

32. Trade and other Payables

Description	Insert Current FY2022/2023		Insert Comparative FY2021/2022	
	KShs		KShs	
Trade payables	xxx		xxx	
Employee dues	xxx		xxx	
Third-party payments(e.g.unremitted payroll deductions)	xxx		xxx	
Audit fee	xxx		xxx	
Doctors' fee	xxx		xxx	
Totaltradeandotherpayables	xxx		xxx	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total	xxx	%	xxx	%

33. Refundable Deposits from Customers/Patients

Description	Insert Current FY2022/2023		Insert Comparative FY2022/2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
Totaldeposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	xxx	%	xxx	%
1-2 years	xxx	%	xxx	%
2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total	xxx	%	xxx	%

Notes to the Financial Statements (Continued)

34. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

35. Finance Lease Obligation

Description	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

36. Deferred Income

Description	Insert Current FY 2022/2023	Insert Comparative FY 2022/2023
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

37. Borrowings

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	

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

Description	Insert Current FY2022/2023	Insert Comparative FY2021/2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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

Notes to the Financial Statements (Continued)

38. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

39. Social Benefit Liabilities

Description	Insert Current FY	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	xxx	xxx
Unemployment social benefit scheme	xxx	xxx
Orphaned and vulnerable benefit scheme	xxx	xxx
People Living with Disabilities benefit Scheme	xxx	xxx
Elderly social benefit scheme	xxx	xxx
Bursary social benefits	xxx	xxx
Total	xxx	xxx
Current social benefits	xxx	xxx
Non- current social benefits	xxx	xxx
Total (tie to totals above)	xxx	xxx

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

40. Cash Generated from Operations

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	xxx	xxx
Adjusted for:		
Depreciation	xxx	xxx
Non-cash grants received	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and losses on disposal of assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Working Capital adjustments		
Increase in inventory	(xxx)	(xxx)
Increase in receivables	(xxx)	(xxx)
Increase in deferred income	xxx	xxx
Increase in payables	xxx	xxx
Increase in payments received in advance	xxx	xxx
Net cash flow from operating activities	xxx	xxx

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

41. 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(previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	1,644,510	-	-	-
Bank balances	3,111,363	-	-	-
Total	4,755,873	-	-	-

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

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022(previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	1,644,510	-	-	-
Bank balances	3,111,363	-	-	-
Total	4,755,873	-	-	-

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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.

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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

iv) Capital Risk Management

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

Period Description	Current Period
	Kshs
Retained earnings	8,130,901
Total funds	8,130,901
Total borrowings	-
Less: cash and bank balances	(3,111,363)
Net debt/ (excess cash and cash equivalents)	1,893,465
Gearing	30%

Notes to the Financial Statements (Continued)

42. Related Party Balances

Nature of related party relationships

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

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

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx
d) Key management compensation		

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023 -

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	xxx	xxx

43. Segment Information

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

44. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the company	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

45. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

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

Mtwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

46. Events after the Reporting Period

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

47. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health and Sanitation Services. Its ultimate parent is the County Government of Kilifi.

48. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

4. Appendices

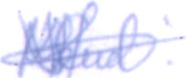
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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


 COUNTY GOVERNMENT OF KILIFI
 THE OFFICE OF THE MEDICAL
 SUPERINTENDENT
 Accounting Officer MTWAPA SUB COUNTY HOSPITAL
 Email: mtwapaschl4@gmail.com
 Mob: 0700 644 848

Miwapa Sub-county Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

