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REPORT

OF

THE AUDITOR-GENERAL

ON

MATILIKU SUB-COUNTY LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF MAKUENI

REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY



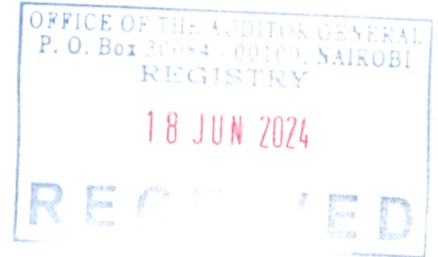
OFFICE OF THE MEDICAL SUPERINTENDENT
MATILIKU SUB-COUNTY HOSPITAL
P.O. BOX 27-90140, MATILIKU.
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MATILIKU SUB COUNTY HOSPITAL LEVEL 4 HOSPITAL
(COUNTY GOVERNMENT OF MAKUENI)

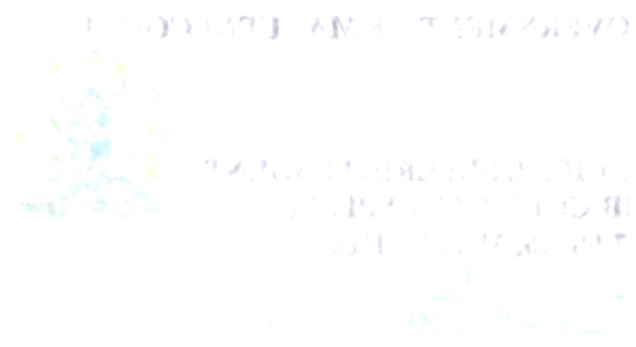
ANNUAL REPORT AND FINANCIAL STATEMENTS

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)

DATE	18/09/24
APPROVED BY	M. Leader
CLERK AT THE	Tjata.



STATE OF TEXAS
DEPARTMENT OF TRANSPORTATION

TEXAS
DEPARTMENT OF TRANSPORTATION

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1. Acronyms & Glossary of Terms

*Provide a list of all acronyms and glossary of terms used in the preparation of this report
e.g.*

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Matiliku sub-county Hospital is a level 4 hospital established in the year 1968 domiciled in Makueni County under the Health Department. It started as a community dispensary with a small structure at Administration Police camp (AP) grounds. It was relocated to the current grounds Matiliku market, Matiliku location, Nzaui sub location within Nzaui-Kilili –Kalamba Ward in Makueni Sub County, Makueni county. The facility is off Emali –Ukia road 27kms west of Wote town and 19 kilometres East of Emali town and lies on 3.7 acres' piece of land. In 1986, the facility was elevated to a health centre and on 30th April 2010 it was gazetted to a Sub County hospital. The hospital is governed by a hospital management committee.

It has a catchment population of 10,391 and an average workload of 4,000 patients per month. It has 34 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services and teaching /training for KMTC students.

(b) Principal Activities

The principal activity or mandate of the hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans. This includes general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services, health talks and teaching /training for KMTC students.

Vision

To be an efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans.

Mission

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

Core Values

- Patient-centred/customer-focused
- Partnership
- Professionalism
- Integrity and transparency
- Innovation and excellence
- Impartiality

Strategic Objectives

1. Eliminate Communicable Conditions
2. Halt, and reverse the rising burden of non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services

(c) Key Management

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

- County department of health
- Hospital management committee
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) 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. Leonard Cedric Makau
2.	Head of finance	Dorothy Ngome
3.	Head of supply chain	Asenath Mutevu
4.	Health Administrative Officer	Ruth Matingi
5.	Head Nursing	Samuel Muoki
6.	Head pharmacy	Dr. Sila Mwanzia

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

We have a functional clinical committee which meets on weekly basis to ensure adherence to quality care, mortality audits and other relevant clinical objectives are met. It assists the hospital in ensuring quality standards are adhered, patient safety is ensured and medical errors are minimized.

The Committee is responsible for:

- Review the weekly ward round reports
- Review and reprioritize the utilization of Hospital clinical resources
- Set performance targets for clinical units
- Review various research findings and related policy documents
- Review clinical audit reports and follow-up on implementation of recommendations

Risk Committee and Audit committee

The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the

effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework. The Committee held four (4) regular meetings in the year under review.

Hospital management committee

Hospital management committee consists of head of departments. It is chaired by the medical superintendent and the secretary is health administrative officer. The members meet on monthly basis to discuss, evaluate and strategies on day to day running of the hospital. Members share the departmental reports, data analysis and the trends of utilization of services.

Medical therapeutic committee

This committee is mandated in ensuring good commodity management and quality clinical practices. The committee chaired by the medical superintendent meets quarterly. It sets down policies and standards to guide in use of drugs, management of common conditions and essential drug list.

Executive Expenditure committee

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. This committee comprises of 6 members as outlined below;

- Medical superintendent
- Health administrative officer
- Nursing officer
- Accountant
- Pharmacist

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 27-90140
Hospital Building,
Ukia-Emali Road, Matiliku Market

Makueni, Kenya

(g) Entity Contacts

Telephone: +254714767831

E-mail: matiliku.hospital@makueni.go.ke Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank

Emali Branch

Emali

(i) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, Monrovia Street

P.O. Box 30084

GPO 00100

Nairobi, Kenya




(j) Principal Legal Adviser

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





(k) County Attorney

P.O. Box 78 -90300
Makueni, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 Name: Bernard Kilonzi Mwalimu	CHAIRPERSON. Date of Appointment. 19 th January 2021 Age: 72 years. He is the Chair of the Board of Management, with 31yrs of experience and a retired Senior Personnel officer
2.	 Name: Dr. Leonard Cedric Makau	SECRETARY TO THE BOARD Aged 35years, Dr. Makau is a senior medical doctor and the medical superintendent. He has over 10yrs experience in hospital and healthcare management having been a medical superintendent for cumulatively 8 years. He is a transformational leader, resource mobilizer and team player. He holds a bachelor's degree in medicine and surgery and a master's degree in healthcare management from Strathmore business school.
3.	 Name: Daniel Mung'ala	MEMBER. Date of Appointment. 19 th January 2021 Age: 69 years. He is a member of the board and a retired teacher. He holds a certificate in Education with 32 years of work experience in teaching. He is also the Chairperson of the Finance and General-purpose audit sub-committee.



	 <p>Name: Rosemary Mutuku</p>	<p>MEMBER.</p> <p>Date of Appointment. 19th January 2021</p> <p>Age: 53 years</p> <p>Madam Rosemary Mutuku is a community health volunteer and a farmer who has served the board for two years and she sits as a member in the board.</p>
4.	 <p>Name: Rose John</p>	<p>MEMBER.</p> <p>Date of Appointment. 19th January 2021</p> <p>Age: 35 years</p> <p>She holds a diploma in Farm Resource Management from Egerton University and has 7 years of experience in the field.</p>
5.	 <p>Name: Pst. David Nduva</p>	<p>MEMBER.</p> <p>Date of Appointment. 19th January 2021</p> <p>Age: 56 Years</p> <p>He holds a degree in Biblical studies and he has served as a member of the Board since 2013. He is highly knowledgeable and has the zeal to support the Hospital to attain its full potential</p>
6.	 <p>Name: Eunice Nzyuko</p>	<p>MEMBER.</p> <p>Date of Appointment. 19th January 2021</p> <p>Age: 50 years</p> <p>Madam Eunice Nzyuko is a community health volunteer and the chairperson of the quality health care sub- committee since its formation. She has served in the board since 2021.</p>


7.	 Name: Francis Ndambuki	MEMBER. Date of Appointment. 19 th January 2021 Mr. Francis Ndambuki is farmer.
8.	 Name :Eunice Mumbe	MEMBER. Aged 34yrs, she is current the ward administrator NZAKIKA ward. She holds a bachelors degree of Art in sociology and communication. She also holds a masters of Arts in project planning and management. Having served as a ward administrator in many regions she has vast experience in management.
9.	 Name :Susan Wayua	MEMBER. Aged 52yrs she is the area chief Matiliku location She holds a higher diploma in clothing craft
10.		MEMBER. A medical doctor. Holds a master degree in Family medicine. Currently the sub county medical officer of

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	Name :Dr. Antony Kibore	health Makueni sub county.
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4. Key Management Team

Ref	Management	Details
1.	 Dr. Leonard Cedric Makau	<p>MEDICAL SUPERINTENDENT</p> <p>Aged 35years, Dr. Makau is a medical doctor and the medical superintendent for the last 3 years. He has over 10yrs experience in hospital and healthcare management having been a medical superintendent for cumulatively 8 years. He is a transformational leader, resource mobilizer and team player. He holds a bachelor’s degree in medicine and surgery and a master’s degree in healthcare management.</p>
2.	 Ruth Matingi	<p>HEALTH ADMINISTRATIVE OFFICER.</p> <p>Holds a Diploma in Business Management from Kenya Institute of Management. She is the Health Administrative Officer of the facility.</p>
3.	 Samuel Muoki	<p>NURSING OFFICER INCHARGE.</p> <p>Holds a Bachelor’s Degree in Nursing from the University of Nairobi. He is a healthcare leader with over 7 years’ experience in both private and public practise. Certified in Basic Life Support (BLS), HIV prevention and care, Reproductive health, Monitoring and Evaluation and Clinical research.</p>

4.	 <p>Dr Sila Mwanzia</p>	<p>PHARMACIST</p> <p>He holds a Bachelor of Pharmacy degree from Mount Kenya University, a Bachelor of Science (Hons) in Microbiology from Moi University, and is currently enrolled in Master of Clinical Pharmacy at the University of Nairobi. He is a member of the American Society of Microbiologists (ASM) and the Pharmaceutical Society of Kenya (PSK). He has a wealth of experience in clinical research, previously worked at KEMRI as a research assistant and in supply chain management and is passionate about the patient and aspires to be a healthcare leader.</p>
5.	 <p>Dorothy Mutindi Ngome</p>	<p>ACCOUNTANT.</p> <p>She holds CPA Section one, certificate in personal administrative assistant course and passed proficiency examinations accounts option.</p>
6.	 <p>Name: Asenath Mutheu Mutevu</p>	<p>SUPPLY CHAIN MANAGEMENT OFFICER.</p> <p>Holds a Diploma in management, purchasing and supplies option from the Kenya Institute of Supplies Management.</p> <p>She heads the supply and stores department</p>

5. Chairman's Statement



Mr. Bernard Kilonzi Mwalimu

Since beginning of my tenure in the year 2021 as the chair of hospital management committee, Matiliku sub county hospital has undergone tremendous change and growth. The board has taken a leadership and governance role with assistance of the hospital management committee to carry out key strategic decisions and activities.

We have continuously carried governance role through quarterly board meetings, ensuring functional subcommittees and approval of budgets. The subcommittee are; quality committee and finance and general-purpose committee.

Service delivery and utilization of hospital services has improved over years with the hospital workload increasing from average of 2500 in 2021/2022 to 3000 in 2022/2023. This has been contributed by additional services provided, motivated healthcare workers and good working environment with great support from the community.

One of the greatest successes in the FY2022/2023 was mapping out key strategic hospital stakeholders and engaging them in resource mobilization. We were able to hold two shareholders engagement fora and used the platform to lobby for construction and equipping of rehabilitation department (Xray, physiotherapy , occupational therapy and plaster departments) , construction of maternity and new born unit and establishment of dental unit. We were also able to operationalize and have laboratory and pharmacy departments working 24/7 hence improving timely access services. We also started a program of greening our hospital compound and subsequently planted over 500 trees.

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Despite these key successes, we also have challenges which affect growth of the hospital. Hospital land is limited hence hindering future growth. There need to relocate the police post which occupies part of the hospital land to enable future expansion. The hospital needs more staff across all departments to cope with the growing number of the workload. Additionally, we need to facelift the hospital through painting, tiling, and removal of asbestos. The need to have a sustainable , reliable power and water supply has been a focus by the hospital management committee.

.....
Name *Bernard Kitongzi Mwalimu*
Chairman to the Board



6. Report of The Medical Superintendent



Dr. Leonard Cedric Makau – Medical superintendent

Team work , good leadership and governance are key to success of organizations. With the changing health ecosystem, health managers need to leverage on these to achieve success. Investment in Healthcare is driven by health programs and investment areas, as well as by the well-known WHO health system building blocks. These are adequate human resources for health, efficient service delivery system, adequate health infrastructure, access to essential health products, adequate health information, and adequate health financing and comprehensive health leadership.

There has been overall improvement of hospital utilization in both outpatient and inpatient services. The financial reports also showed great improvement in revenue collection and expenditure. However, it is observed that they is an alarming shift to out of pocket expenditure with decline in insurance uptake. This move will lead to catastrophic expenditure and impoverishment.

1. Service delivery

In this financial year, we have taken great steps in ensuring improvement in the services offered in the facility. This has been achieved through weekly clinical meetings to improve patient care and safety, operationalization of laboratory and pharmacy departments to run 24/7 through additional staff , making sure there are functional HMT sub-committees and weekly continuous medical education meetings have continued to build skills and knowledge among staff. This has improved overall utilization of services.

2. Governance and leadership

The hospital enjoys good leadership and governance. There is great working relationship between the hospital management and the hospital board. The hospital management committee meets quarterly while hospital management teams meet monthly. We have also directed all departmental heads to hold monthly departmental meetings with their respective staffs. We further initiated a quarterly general staff meetings and this has resulted to good working environment.

3. Health infrastructure

Matiliku sub county hospital has not enjoyed commensurate investment in infrastructures compared to increase in utilization of services. This has resulted to congestion, patient sharing beds in maternity, female patients sharing with pediatrics patients, lack of new born unit, congestion in the outpatient department and lack of office space for some specialist services namely psychologist, medical outpatient clinic. The injection room/casualty space is inadequate resulting to delayed provision of services to patients.

In order to realize its dream of being efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans, the hospital management has continuously engaged various stakeholders to strengthen health investment in line with the WHO building blocks. Recently, one of the greatest successes is mapping out key strategic hospital stakeholders and engaging them in resource mobilization. We have had two of such events and been able to lobby for funds to establish a dental unit and purchase of equipment amounting to ksh. 2,500,000. We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support. Additionally, we are also engaging the health department and its leadership to allocate more resources in expanding hospital infrastructure.

4. Human resource for health

Matiliku sub county hospital experiences a great challenge of staff shortage across all carders. The nursing department is most affected with 18 nurse to a population of 10,000.

This gives a nurse patient ratio of 1:577 verses WHO recommend ratio of 1:5. There is need for a additional records officer, laboratory technician, pharmacy technician, plaster technician, Ortho trauma, dentist, social worker and nutritionist.

Staff need gap

SNO.	ITEM	AVAILABLE	GAP
1	Nursing officer	18	5
2	Clinical officer	6	2
3	Records officer	1	1
4	Office secretary	0	1
5	Dental officer	0	1
6	COHO	0	1
7	Plaster technologist	0	1
8	Laboratory technologist	4	2
9	Pharmaceutical technologist	4	2
10	Social worker	0	1
11	Nutritionist	1	1

5. Health commodities and vaccines

Over the financial year, there was great commodities supply issues. We have had episodes of pharmaceutical stock outs, lack of key non pharmaceutical commodities like gloves and also laboratory supplies.

6. Healthcare financing

We have improvement in revenue collection and surpassed our annual target to collect. This is through prudent revenue collection methods, having cash less payments mode and automation of processes. There was reduction in Makueni care universal healthcare

reimbursement which has overall impact on financing of hospital operations and sustainability.

7. Health information

We have automated the outpatient services through hospital management and information system which has greatly improved efficiency in the hospital process. Patient records are well managed, easily retrieved, turnaround time shortened resulting in improvement in overall patient satisfaction.

Despite the great milestone achieved, we still face challenges namely

1. Staff shortage especially nurse, laboratory technician, medical officers, sonographer, social worker
2. Lack of rehabilitation unit (Xray, occupational, physiotherapy, plaster departments.)
3. Lack of proper mother and child unit.
4. Inadequate hospital land
5. Lack of hospital mortuary
6. Lack of utility vehicle
7. Asbestos roofing
8. Lack of reliable water supply
9. Inadequate infrastructure for delivery of services (psychologist , nutritionist, public health and records rooms)

.....
Name *Dr. Leonard Cedric Makau*
Secretary to the Board



6. Statement of Performance Against Predetermined Objectives

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

Strategic Objectives

1. Eliminate Communicable Conditions
2. Halt, and reverse the rising burden of non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services

Matiliku 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 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services in Tawa Sub County Hospital to identify and link 80 HIV positive to care and	100% achievement

	2.Reducing transmission of TB	2.Early identification of 55 new TB patients (30%)	treatment. 2.Early identification of 55 new TB patients (30%)	100% achievement
Halt and reverse the rising burden of non-communicable conditions	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 2500 people through counselling services (50%) 2.Mainstream counselling intervention in all departments (50%)		100% achievement
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	1.Reducing average length of hospital stay	1.The hospital commits to reduce the average length	1.Preparing hygiene protocols for all wards (50%)	100% achievement

	<p>2.Thehospital commits to develop service charters for all departments 100%</p> <p>4.Reducing facility based maternal mortality rate</p>	<p>of hospital stay from 5.2 days to 5 days through:</p> <p>The hospital commits to reduce facility maternal mortality rate from 1 to 0 persons through strengthening MPDSR by ensuring:</p>	<p>Holding monthly mortality audits (50%)</p> <p>Monthly reporting from the hospital committees (100%)</p>	<p>100% achievement</p>
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7. Corporate Governance Statement

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

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

Governance Principles and Guidelines

The MTLK Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices.

The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

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

Board Organization and Structure

The MTLK Hospital management committee comprises of eleven (11) members including the medical superintendent. Seven (7) members of the committee are

independent non-executive including the Chairman, all drawn from the private sector. The remaining four (4) members represent the following institutions –medical superintendent who is the secretary, sub county MOH, sub county administrator and deputy county commissioner

The committee members are appointed by H.E. the governor through a gazette notice. They each serve for a maximum of two terms of three (3) years. Names of all members and changes thereto are published in the Kenya Gazette

This report highlights the main corporate governance structures and practices that guide the Board.

8. Management Discussion and Analysis

The entity’s operational and financial performance

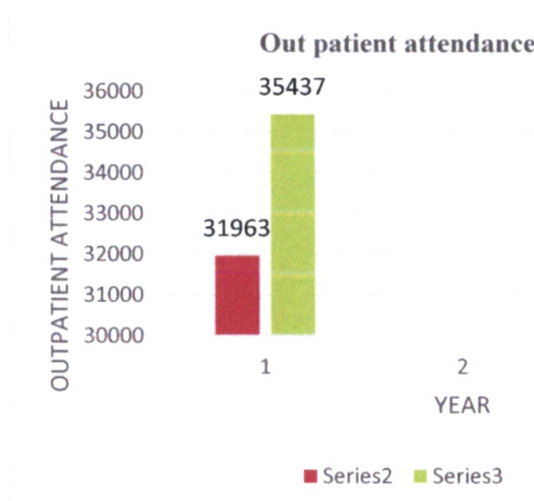
The hospital performance has improved in all indicators. The outpatient attendance has increased and inpatient performance also increased. This could be attributed to operationalization of laboratory and pharmacy departments to work 24/7 since January 2023. This bold decision amidst staff shortage has seen overall improvement of service utilization.

Staff motivation and team work have also been a factor in overall improvement of the indicators. The hospital management has embarked of several activities geared to improvement of staff motivation namely; staff party, payment of allowances, departmental monthly meetings and quarterly staff meetings. Recently the hospital was recognized as the most improved hospital in Makueni county on

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We have analysed the performance of various indicators in comparison 2021/2022 and 2022/2023

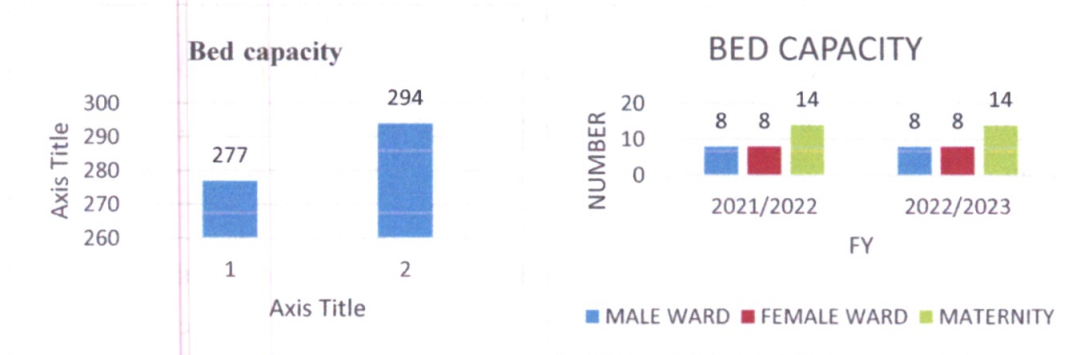
1.Outpatient attendance



There was a increase in outpatient visits in the year 2021/2022 compared to 2022/2023

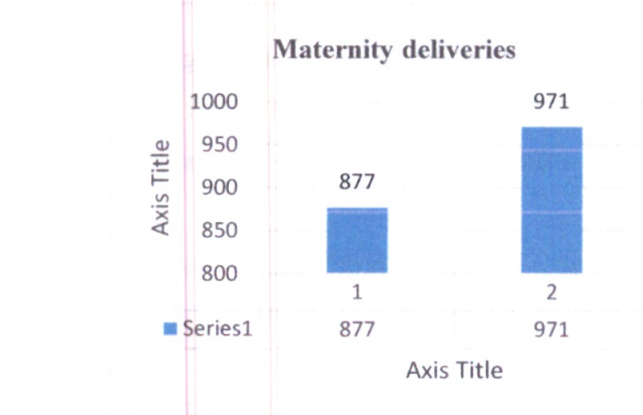
NB x Axis 1- 2021-2022
2- 2022-2023

2. Bed capacity



NB x Axis 1- 2021-2022
2- 2022-2023

3. Maternity utilization



NB x Axis 1- 2021-2022
2- 2022-2023

There was overall increase in maternity patients in the FY 2022/2023 compared to FY2022/2023. This is attributed to great maternity team work exhibited by the staff, respectful maternity care of patients, weekly maternity CMEs and mentorship to capacity build the staff on maternity cases. However, there is a great shortage of nurses with only 18 in number working in all departments. This has resulted to overworking, burnout and suboptimal patient attention. The nurse-to-patient ratio is 1:577 while WHO recommends 1:5.

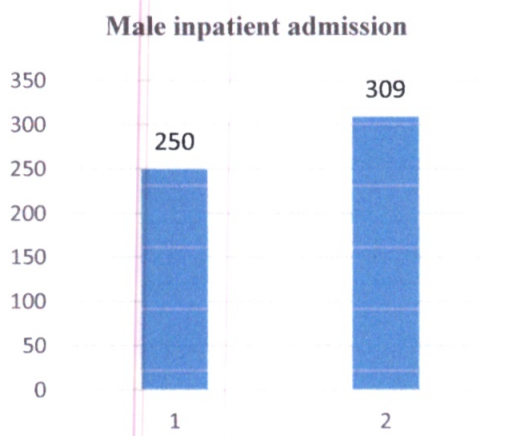
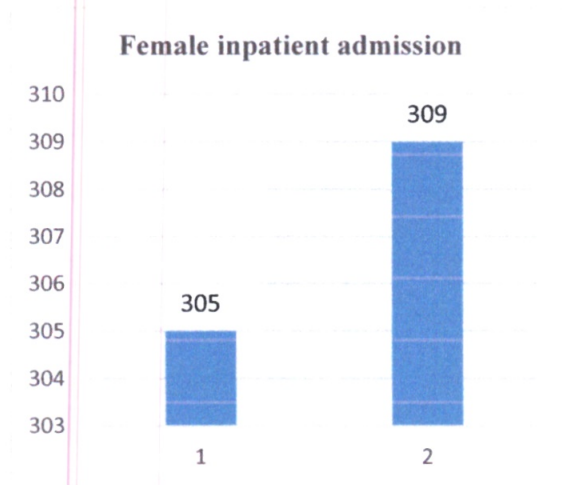
The facility conducts an average of **80 - 90** deliveries per month. The expected target for the facility as per the catchment population is **20** deliveries monthly. However, the available maternity only accommodates 4 beds post caesarean section patients with antenatal and postnatal mothers sharing a 6-bed capacity room. This results to mixing of post operative patients with others resulting to increased surgical site infections.

We have no new born unit for the sick and premature babies – those born before term (less than 2.5 kgs) for observations, treatment and growth to attain the normal weight 2.5 kgs. They are admitted with their mothers in the stuffy room. This results into increased neonatal infections due lack of isolation and ideal area for the wellness of the babies. This is even worse if the babies need incubator care and phototherapy which the medical team have capacity to offer but they are limited by lack of newborn unit resulting to unnecessary referrals. Overall, there is increased of both direct and indirect cost of care and loss of revenue by the facility.

Gynaecological cases which are part of maternity are accommodated in the female ward, which also accommodates children over two years of age. Our paediatric patients below two years of age are accommodated in the post caesarean ward with the mother's post-surgery. This poses a risk of communicable diseases like TB to the children and surgical site infection for the post CS mothers.

There is a urgent need to construct a mother and child ward to address the problem. The hospital management has lobbied through public participation and stakeholder's fora to resources.

4. In patient utilization



NB x Axis 1- 2021-2022

2- 2022-2023

There was overall increase in patient utilization as a result of operationalization of laboratory and pharmacy departments to 24/7 services.

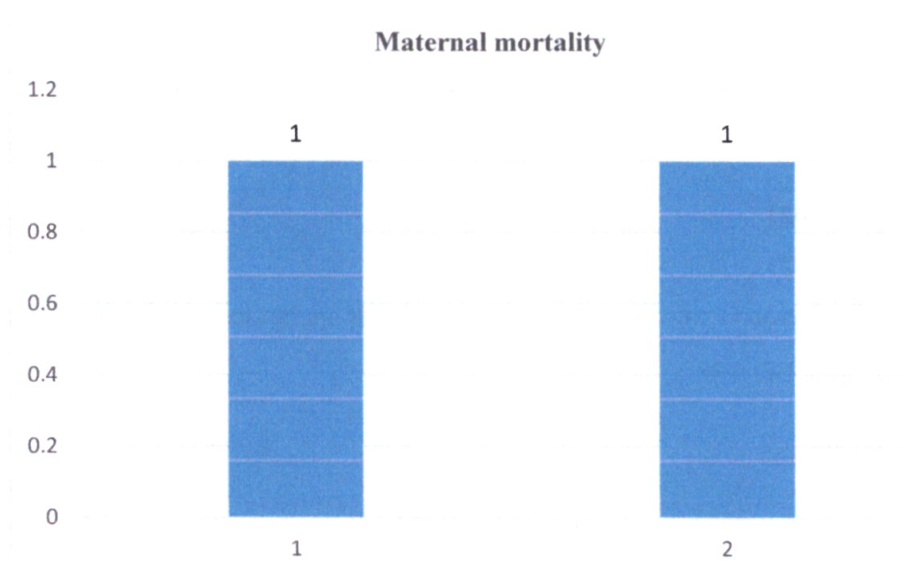
5. Specialised clinics



NB x Axis 1- 2021-2022

2- 2022-2023

6. Maternal mortality



In both periods we have one maternal mortality. The hospital has strived to

NB x Axis 1- 2021-2022

2- 2022-2023

Financial performance

Health care Financing remain a key pillar to support health care provision in health facilities whether public or private.

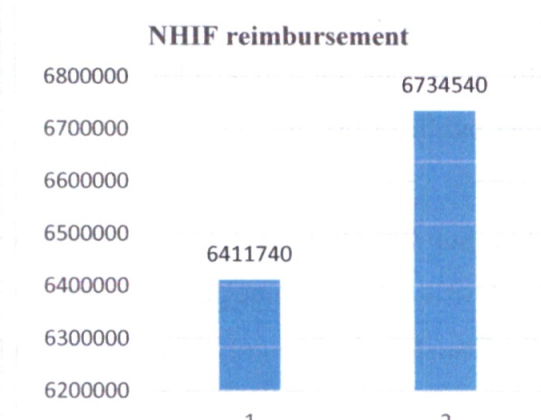
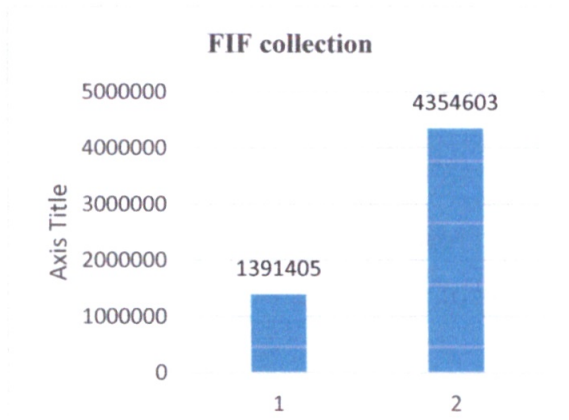
Matiliku Sub County Hospital has different sources of revenue, this includes;

1. Own source revenue generated from rendering of medical services,
2. Transfers from county government and
3. Grants from donors.

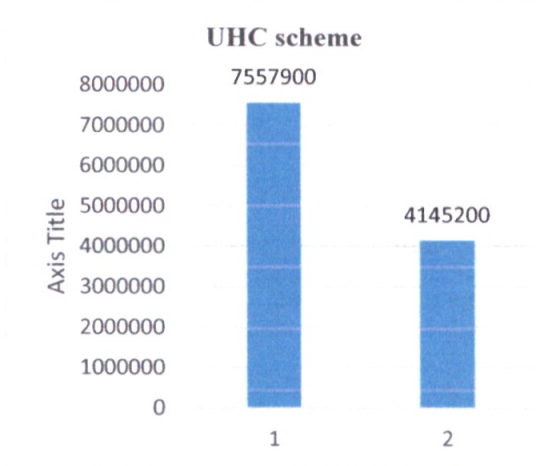
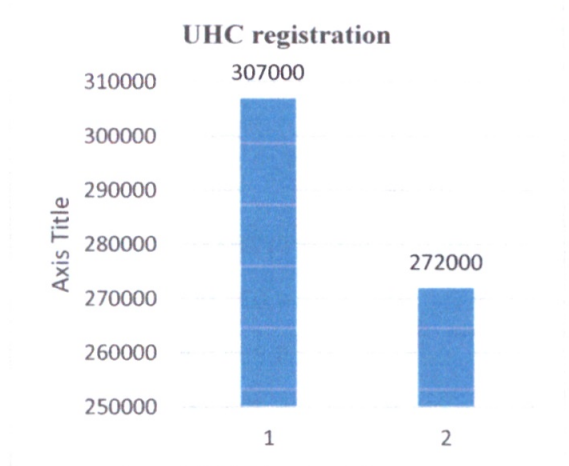
The facility has partnered with government Agencies e.g National Health Insurance Fund (NHIF), Edu Afya and Linda Mama program to support their clients in provision of health care services. Additionally, it also accredited by AAR insurance company to provide services to county employees. This has expanded hospital revenue base.

Revenue sources

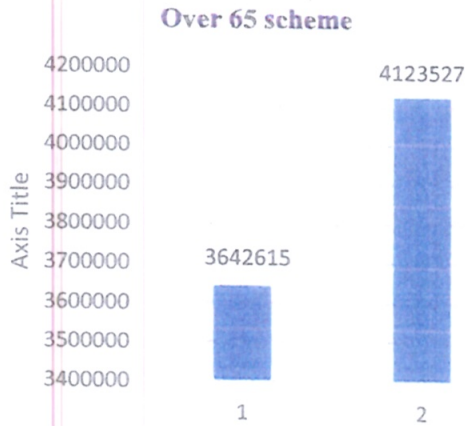
Revenue Stream	FY2021/22	FY2022/23
County Government Grant	8,600,000	4,034,000
FIF	1,391,405	4,354,603
NHIF	6,411,740	6,734,540
Makueni Care Registration	307,000	272,000
MAKUENI CARE UHC SCHEME	7,557,900	4,145,200
OVER 65YRS SCHEME	3,642,615	4,123,527
Grand Total	27,910,660	23,663,870



NB x Axis 1- 2021-2022
2- 2022-2023



NB x Axis 1- 2021-2022
2- 2022-2023



NB x Axis 1- july 2021-june 2022
2-july 2022-june 2023

There has been a drop in revenue performance in the FY 2022/2023 compared to FY 2021/2022. This has been attributed by a drop in county reimbursement from 8,600,000 in the FY 2021/2022 to 4,034,000 in the FY 2022/2023. However the other revenue streams have improved in their performance which has been attributed to expanded services, good fiduciary strategies, improvement quality of services, motivated staff and partnership with NHIF and AAR insurances.

Notably, it is alarming that citizens are opting for out-of-pocket expenditure compared to insurance mode of payment. This puts the clients to financial catastrophic risk and impoverishment due to out-of-pocket expenditure. There is weak advocacy on prepayment plans or lack of trust with Makueni care universal healthcare scheme among the citizen. There is also poor uptake of other medical insurance schemes; NHIF and private insurance.

Name **DR. LEONARDO CORRIC MAKUTU**
Secretary to the Board



9.Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

Stakeholder engagement

MTLSCH key stakeholders include: patients, doctors, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community and the media. MTLSCHE recognises its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance. MTLSCHE key stakeholders are those groups who have a material impact on, or are materially impacted by, MTLSCHE and its operations

ii) Environmental performance

The Hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible. The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate change.

iii) Employee welfare

The focus of attracting and utilising talent in a challenging healthcare market continues to be in accident and emergency room doctors. MTLSCHE management has focused on creating conducive work environment in order to attract, train and retain workers. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of trainings, Continuous Medical Educations, supporting conference attendance and supporting and financing senior courses.

iv) Market place practices

Matiliku sub county hospital has made efforts to promote:

a) Responsible competition practice.

The organisation ensures all the clients are given receipt for any money paid and are given services they have paid for. Posters, aboard is put in strategic place for services rendered for all to read.

b) Responsible Supply chain and supplier relations

Those interested to do business the organisation, buy tenders when advertised through the various social media after every two years. Those who qualify are given orders and are paid in good time.

c) Responsible marketing and advertisement

When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective

d) Product stewardship

High priority in terms of accountability and honest is given on all items and supplies done, frequent checks on inventory are carried on to ensure product stewardship.

e) Corporate Social Responsibility / Community Engagements

The commitment of MTLSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. MTLSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. MTLSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. Community engagement in ways like when we have Mother's Day meetings, over 200 mothers come and educated about breast feeding, hygiene practise and given. The remain part and parcel of the community and therefore it's with constant check with the community. Community trainings on different aspects remain as one of the key Corporate Social Responsibility. Education and support of the expectant and breast-feeding mothers through provision of mother pack is a program designed to ensure the

facility remain a centre for preferred Health Care services provision in the surrounding Community

The main activities undertaken during the year herein outlined below



Kilili training of CHPs on Covid 19



Ndumoni secondary school deworming exercise



Munge'etheele primary school health talk on HPV , nutrition and growth monitoring , DM, HTN



Health talk on HTN , DM and screening



Hospital team having health with retirees on health living at Matiliku market

10. 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 (continue to be)

Results

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

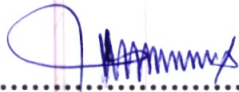
Board of Management

The members of the Board who served during the year are shown on page xxx. During the year, xx director(s) retired/ resigned, and xxx director (s) was appointed with effect from xxxx date.

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



.....
Name **Dr. LEONARDO CEDRIC MAKAU**

Secretary to the Board



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

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

The Board of Management accepts responsibility for the *entity's* 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 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 20xx, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records

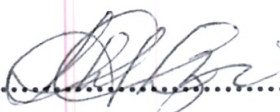
maintained for the *entity*, which have been relied upon in the preparation of the *entity*'s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:

.....


Name: Bernard Mwangi Mwangi
Chairperson
Board of Management

.....


Name: Dr. Leonario Cedric Mwangi
Accounting Officer

05 JUN 2024

REPUBLIC OF KENYA

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E-mail: 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 MATILIKU SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Matiliku Sub-County Level 4 Hospital – County Government of Makueni set out on pages 43 to 105, which comprise

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

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents closing balance of Kshs.3,580,130. However, the statement of financial position reflects balance of Kshs.3,959,130 resulting in an unexplained variance of Kshs.379,000. Further, the statement reflects net cash flows from operating activities balance of negative Kshs.12,820. However, re-casting of the amounts yielded negative cash flows of Kshs.5,793,430, resulting in an unexplained variance of Kshs.5,780,610.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statements of financial position reflect property, plant and equipment balance of Kshs.5,592,758 as disclosed in Note 31 to the financial statements. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.5,592,758 could not be confirmed.

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

The statement of financial performance reflects employee costs of Kshs.4,535,511 as disclosed in Note 16 to the financial statements. The amount relates to casuals and contractual staff compensation. The Hospital received services from seventeen (17)

medical staff employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.4,535,511 could not be confirmed.

4. Unconfirmed Inventories Balance

The statements of financial position reflect inventories balance of Kshs.6,133,082 as disclosed in Note 30 to the financial statements. However, there was no evidence of the annual stock take having been conducted to confirm the quantities, value and status of closing inventories balances.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.6,133,082 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects Kshs.4,347,340 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared

and submitted the same to the County Treasury with a copy to the Auditor General. This was contrary to Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Non-Compliance with Requirements on Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of ninety-two (92) or 91% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anesthesiologists	2	2	0	0
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	15	60	80
Total	101	19	92	91

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

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	40	110	73
Resuscitaire (2 in Labor & 1 in Theatre)	5	1	4	80
New Born Unit Incubators	5	4	1	20
New Born Unit Cots	2	1	1	50
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	1	1	50
Total	181	47	134	74

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

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

3. Failure to Dispose Non-Serviceable Assets

The statement of financial position reflects Kshs.5,592,758 balance on property, plant and equipment. However, field verification revealed unserviceable assets of two (2) motor vehicles that have not been disposed of and the same continue to deteriorate in value. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Establish Audit Committee and Operations of Internal Audit Unit

During the year under review, the Hospital Management did not establish an audit committee. Further, Management did not rely on the Internal Audit Department of Makueni County Executive since no evidence was provided to indicate that the Hospital had been audited by Internal Audit from the County Executive. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations 2015, which requires each County Government entity to establish an Audit Committee. Further, Section 155(1) of the Public Finance Management Act, 2012 requires that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

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

2. Lack of Risk Management Policy

During the year under review, the Hospital did not have a risk management policy in place. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that build robust business operations.

In the circumstances, the effectiveness of internal controls and risk management of the Hospital may not have been effective.

3. Defective Hospital Equipment

Physical inspection of the Hospital premises and facilities carried out in the month of April 2024 revealed the following:

No.	Location	Equipment	Condition / Status
1	Laboratory	Bio-Safety cabinet	Not Working
2	Casualty Department	Monitors and Ventilators	Not Adequate
3	Dental Department	New Dental Chair	No Dental Technologist
4	Physiotherapy, Occupational Therapy and Plaster Technology Departments	Space	All Occupying a Tiny Room
5	Maternity Ward	Ultra Sound Machine	No Ultra Sound Technician
6	Wards	Laundry Machine	Not Working

No.	Location	Equipment	Condition / Status
7	Staff Houses	11 Staff Houses	One-3 Bedroom House's Roof destroyed and 10 Houses occupied by Staff but no evidence of Rent Payment
8	Morgue	Morgue	None despite dense Population
9	Houses	Majority of the Houses	Asbestos Roofing which is a Health Hazard

There was no evidence of the measures being taken by the Management to rectify the deficiencies which may impact on the effective delivery of service to the public.

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

Responsibilities of Management and the Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 June, 2024


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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	4,034,000	8,600,000
In- kind contributions from the County Government	7	22,647,198	11,569,601
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	4,347,340	1,554,358
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14	6,923,894	6,718,740
Revenue from exchange transactions			
Total revenue		37,952,432	28,442,699
Expenses			
Medical/Clinical costs	15	5,434,720	5,739,604
Employee costs	16	4,535,511	3,787,590
Board of Management Expenses	17	250,000	225,000
Depreciation and amortization expense	18	1,518,041	2,068,201
Repairs and maintenance	19	1,927,375	1,674,550
Grants and subsidies	20		
General expenses	21	8,936,05	6,823,718
Refund to the County Government		15,000	
Finance costs	22		

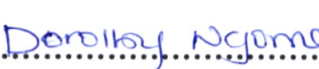
Matiliku Sub County Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
In kind contributions from county government	7	22,647,198	11,569,601
Total expenses		45,263,903	31,888,264
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	22	-	-
Unrealized gain on fair value of investments	23	-	-
Medical services contracts Gains/Losses	24		
Impairment loss	25		
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year	42	(7,311,471)	(3,445,565)

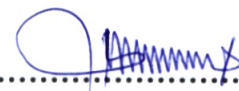
The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:



Chairman
Bernard Mwachira Mwachira
Board of Management



Head of Finance
 ICPAK No: 24324



Medical Superintendent




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

Description	Note	2022/2023	2021/1022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,959,130	4,071,950
Receivables from exchange transactions	28		
Receivables from non-exchange transactions	29		
Inventories	30	6,133,082	6,667,440
Total Current Assets			
Non-current assets			
Property, plant, and equipment	31	5,592,758	7,010,799
Intangible assets	32		
Investment property	33		
Total Non-current Assets			
Total assets		15,684,970	17,750,189
Liabilities			
Current liabilities			
Trade and other payables	34	5,780,610	4,977,392
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Social Benefits	41		
Total Current Liabilities			
Non-current liabilities			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		


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Description	Note	2022/2023	2021/1022
		Kshs	Kshs
Non - Current portion of borrowings	39		
Service concession liability	40		
Social Benefits	41		
Total Non-current liabilities			
Total Liabilities			
Net assets			
Revaluation reserve			
Accumulated surplus/Deficit		(7,311,471)	(3,445,565)
Capital Fund		17,215,831	16,218,362
Total Net Assets and Liabilities		15,684,970	17,750,189

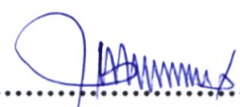
The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
 ICPAK No: 24324



Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021 (previous year)				
Revaluation gain				
Surplus/(deficit) for the year		(3,445,565)		(3,445,565)
Capital/Development grants			16,218,362	16,218,362
As at June 30, 2022 (previous year)		(3,445,565)	16,218,362	12,772,797
At July 1, 2022(current year)		(3,445,565)	16,218,362	12,772,797
Revaluation gain				
Surplus/(deficit) for the year		(7,311,470)		(7,311,470)
Capital/Development grants			17,215,831	17,215,831
At June 30, 2023 (current year)		(7,311,470)	17,215,831	9,904,360

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

Description	Note	2022-2023 FY	2021-2022 FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	4,034,000	8,600,000
Grants from donors and development partners		-	-
In- kind contributions from the County Government	7	22,647,198	11,569,601
Public contributions and donations		-	-
Rendering of services- Medical Service Income	11	4,347,340	1,385,305
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)	15	6,923,894	6,887,793
Total Receipts		37,952,432	28,442,699
Payments			
Medical/Clinical costs	15	5,434,720	5,739,604
Employee costs	16	4,535,511	3,787,590
Board of Management Expenses	17	250,000	225,000
Repairs and maintenance	19	1,927,375	1,674,550
Grants and subsidies		-	-
General expenses	21	8,836,058	6,823,718
Finance costs		-	-
In- kind contributions from the County Government	7	22,647,198	11,569,601
Refunds paid out		15,000	-
Total Payments		43,745,862	29,820,063

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Net cash flows from operating activities	42	(12,820)	3,600,028
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets	31	(100,000)	(479,000)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		(100,000)	3,121,028
Net increase/(decrease) in cash and cash equivalents		(491,820)	3,121,028
Cash and cash equivalents as at 1 July	27	4,071,950	950,922
Cash and cash equivalents as at 30 June	27	3,580,130	4,071,950

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	4,034,000	-	4,034,000	4,034,000	-	100%
In kind Contributions	22,647,198	-	22,647,198	22,647,198	-	100%
Transfers from other Government entities		-	-	-	-	
Public contributions and donations		-	-	-	-	
Rendering of services- Medical Service Income	4,347,340	-	4,347,340	4,347,340	-	100%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	6,923,894	-	6,923,894	6,923,894	-	100%
Total income	37,952,432	-	37,952,432	37,952,432	-	100%
Expenses						
Medical/Clinical costs	3,873,331	1,626,669	5,500,000	5,434,720	65,280	98%
Employee costs	4,13,736	476,264	4,600,000	4,535,511	64,489	98%

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

Remuneration of directors	250,000	-	250,000	250,000	-	100%
Repairs and maintenance	1,352,860	577,140	1930,000	1,927,375	2,625	99%
Grants and subsidies	-	-	-	-	-	-
General expenses	5,607,745	3,342,313	8,895,058	8,936,058	14,000	99%
In kind Contributions	22,647,198		22,647,198	22,647,198	-	100%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	15,000	(15,000)	
Total expenses	37,854,870	-	43,877,256	43,745,862	131,394	99%
Surplus for the period	97,561	-	(5,939,824)	(5,793,430)	-	-
Capital expenditure	160,500	-	160,500	-	-	62%

18. Notes to the Financial Statements

1. General Information

MTLK SCH is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the xxx County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is patient care

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash fl</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <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>

Standard	Effective date and impact
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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>
<p>IPSAS 44:</p> <p>Non-Current Assets Held for Sale and Discontinued Operations</p>	<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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. 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.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board on 6th July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *hospital* recorded additional appropriations of *nil* on the FY 2022-2023 budget following the Board's approval. The *hospital* 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 2 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 derecognition. 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 cash flows 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.

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

6. Transfers from the County Government

Description	2022/2023	2021/2023
	KShs	KShs
Unconditional grants		
Operational grant	4,034,000	8,600,000
Level 5 grants		
Unconditional development grants		
Other grants	4,034,000	8,600,000
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies	4,034,000	8,600,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	Comparative Period KShs
Makueni County Government					
Total					

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022-2023	2021-2022
	FY	FY
	KShs	KShs
Salaries and wages		
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	22,647,198	11,417,906
Utility bills		151,695
Total grants in kind	22,647,198	11,569,601

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

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

(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	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

9. Transfers From Other Government Entities

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

Notes to Financial Statements Continued

10. Public Contributions and Donations

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

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	1,021,580	402,470
Non-Pharmaceuticals	-	-
Laboratory	849,240	213,635
Radiology	182,000	85,000
Orthopedic and Trauma Technology	-	-
Theatre	18,000	-
Accident and Emergency Service	98,000	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	6,150	3,850
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income (<i>specify</i>)	-	-
Health records cards and files	515,500	138,750
Inpatient	448,400	132,820
Outpatient	1,208,470	408,780
Ambulance services	-	-
Medical examination	-	-
Medical reports P3	-	-
Physiotherapy	-	-
Occupational therapy	-	-
Total revenue from the rendering of services	4,347,340	1,385,305

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2022-2023 FY	2021-2022 FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2022-2023 FY	2021-2022 FY
	KShs	KShs
Insurance recoveries	6,651,894	6,580,793
UHC	272,000	307,000
Income from sale of tender	-	-
Services concession income	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	6,923,894	6,887,793

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	-	15,000
Laboratory chemicals and reagents	585,600	449,930
Public health activities	-	-
Food and Ration	2,896,040	2,446,046
Uniform, clothing, and linen	30,000	32,500
Dressing and Non-Pharmaceuticals	959,895	1,974,022
Pharmaceutical supplies	293,885	297,896
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	625,800	524,210
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	43,500	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,434,720	5,739,604

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

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	4,134,511	2,199,200
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)locum	401,000	1,588,390
Employee costs	4,535,511	3,787,590

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	250,000	225,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	250,000	225,000

18. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	1,518,040	2,068,201
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	1,518,040	2,068,201

19. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	840,925	512,650
Medical equipment	757,700	607,200
Office equipment		
Furniture and fittings		
Computers and accessories	310,950	426,900
Motor vehicle expenses	17,800	127,800
Maintenance of civil works		
Total repairs and maintenance	1,927,375	1,674,550

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses	50,000	-
Catering expenses	322,560	479,323
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	18,073	57,357
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	525,000	379,600
Electricity expenses	-	-
Fuel and Lubricants	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	991,500	1,117,890
Legal expenses	-	-
Licenses and permits	-	-

Description	2022/2023	2021/2022
	Kshs	Kshs
Courier and postal services	-	9,450
Printing and stationery	1,041,564	610,497
General Office Supplies	509,293	682,373
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	277,200	260,600
Skills development levies		
Telephone and mobile phone services	201,200	318,000
Internet expenses	152,191	
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Refined fuels	4,336,987	2,549,828
Other Fuels	510,490	358,800
General office supplies	-	-
Other operating expenses	-	-
Total General Expenses	8,936,058	6,823,718

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

Description	2022/2023	2021/2022
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	3,959,130	4,071,950
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	3,959,130	4,071,950

Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1146092326	3,951,867	3,942,137
Kenya commercial bank	1147481083	7,262	129,812
Sub- total		3,959,129	4,071,950
b) On - call deposits		-	-
Kenya Commercial bank		-	-
		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account		-	-
Bank Name		-	-
		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		3,959,129	4,071,950

28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables		
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables		

(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	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

29. Receivables From Non-Exchange Transactions

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

(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	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

30. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	3,878,206	6,551,278
Non pharmaceuticals	1,958,448	
Maintenance supplies		
Food supplies	136,418	116,162
Linen and clothing supplies		
Cleaning materials supplies	9,300	
General supplies	150,710	
Less: provision for impairment of stocks		
Total	6,133,082	6,667,440

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021 (previous year)	-	-	-	3,583,000	970,000	4,047,000	-	8,600,000
Additions	-	-	-	-	479,000	-	-	479,000
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	-	-	3,583,000	1,449,000	4,047,000	-	9,079,000
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2021	-	-	-	358,300	362,250	1,347,651	-	2,068,201
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
At 1 July 2022	-	-	-	3,224,700	1,086,750	2,699,349	-	7,010,799
Additions	-	-	-	-	100,000	-	-	100,000

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	3,224,700	1,186,750	2,699,349	-	7,110,799
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2022	-	-	-	358,300	362,250	1,347,651	-	2,068,201
Depreciation for the year	-	-	-	322,470	296,687	898,883	-	1,518,040
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Net book values	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	3,224,700	1,086,750	2,699,349	-	7,010,799
At 30 th June 2023	-	-	-	2,902,230	890,062	1,800,465	-	5,592,758

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	5,379,610		4,977,392	
Employee dues	401,000		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	5,780,610		4,977,392	
		% of		% of
Ageing analysis:	2022/2023	the	2021/2022	the
	3	Total		total
Under one year	5,578,610	100%	4,977,392	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2022/2023		2021/2022	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total deposits	-		-	
	-		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

36. Provisions

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

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Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

37. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

38. Deferred Income

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

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				
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

39. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

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

41. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	2022/2023	2021/2022
	KShs	KShs
Surplus for the year before tax	(7,311,471)	3,445,565
Adjusted for:		
Depreciation	1,518,041	2,068,201
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	5,780,610	4,977,392
Increase in payments received in advance	-	-
Net cash flow from operating activities	(12,820)	3,600,028

Notes to the Financial Statements (Continued)

43. 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	Fully performing	Past due	Impaired
	amount			
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022 (previous year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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 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	Less than 1	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	2,986,435	1,990,957	4,977,392
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	2,986,435	1,990,957	4,977,392
At 30 June 2023				
Trade payables		5,379,610	1,613,883	5,379,610

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Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	401,000	-	401,000
Total				5,780,610

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 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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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)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022 (previous year)	-	-	-
Euro	-	-	-
USD	-	-	-
2023 (current year)	-	-	-
Euro	-	-	-
USD	-	-	-

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.

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 0 (2022: KShs 0 A rate increase/decrease of 5% would result in a decrease/increase in surplus of 0 (2023 – KShs 0).

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:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings		
Capital reserve		
Total funds		
Less: cash and bank balances	-	-
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
Gearing	-	-

Notes to the Financial Statements (Continued)

44. 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	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties	-	-
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government	-	-
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-

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Description	2022-2023	2021-2022
	Kshs	Kshs
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

45. Contingent Liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case xxx against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

46. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

47. Events after the Reporting Period

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

48. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health Its ultimate parent is the County Government of Makueni

49. Currency

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

Appendices

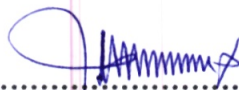
Appendix 1: Progress on Follow Up of Auditor Recommendations

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 implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Accounting Officer



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							

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Appendix III: Inter-Entity Confirmation Letter

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							
In confirm that the amounts shown above are correct as of the date indicated.							
Head of Accounts Department of the beneficiary entity:							
Name SignDate							

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Appendix IV Reporting of Climate Relevant Expenditures

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

XX Hospital (XX County Government)
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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments