

Scanned

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	14/11/2023
TABLED BY	Majumdar Khari ON
COMMITTEE	
WORK AT THE TABLE	Kwale m

KWALE SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2022

COUNTY GOVERNMENT OF KWALE

Issued 30th June 2022



KWALE SUB COUNTY LEVEL 4 HOSPITAL
(Kwale County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

 (Please leave the page blank)

Table of Contents

I. Key Entity Information and Management	iv
II. The Board of Management	vii
III. Management Team	xii
IV. Chairman’s Statement	xv
V. Report Of The Chief Executive Officer	xvi
VI. Statement Of Performance Against Predetermined Objectives	xviii
VII. Corporate Governance Statement	xix
VIII. Management Discussion and Analysis.....	xxii
IX. Environmental And Sustainability Reporting	xxvi
X. Report Of The Board Of Management	xxix
XI. Statement Of Board of Management’s Responsibilities	xxx
XII. Report of the Independent Auditor (specify entity name)	xxxi
XIII. Statement Of Financial Performance for The Year Ended 30 June 2022	Error! Bookmark not defined.
XIV. Statement of Financial Position as of 30 th June 2022	Error! Bookmark not defined.
XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022.....	36
XVI. Statement of Cash Flows for The Year Ended 30 June 2022	37
XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022....	39
XVIII. Notes To the Financial Statements.....	41
XIX. Appendices.....	82

Key Entity Information and Management

(a) Background information

Kwale Sub-County Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Kwale County under the Health Services Department. The hospital is governed by a Board of Management.

(b) Principal Activities

- Health Services
- Preventive Services
- Consultation Services
- Curative Services

The principal activity/mission/ mandate of the *hospital* is to ...

VISSION

Have functional and health services that contribute to holistic development in the county

MISSION

Health services and facilities resonate with the health needs of its residents for sustained development of the community

CORE OBJECTIVE

To provide efficient, equitable, accessible and quality healthcare services for all socioeconomic groups by strengthening the primary health system within kwela County

(c) Key Management

The Kwale sub-county Hospital management is under the following key organs:

- Board of Management
- Medical Superintendent
- Health Administrative Officer
- Nursing Service Manager
- Accountants

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Riziki Wasi Mwabaya
2.	Head of finance	Hamadi S. Kibwebwe

No.	Designation	Name
3.	Head of supply chain	Erick Kaphunza
4.	Medical Superintendent	Riziki Wasi Mwabaya
5.	Health Administrative Officer	Michael Kilonzo

(Include all positions regarded as top management in your organisation).

(e) Fiduciary Oversight Arrangements

Audit committee activities

The primary purpose of an hospital's audit committee is to provide oversight of the financial reporting process the audit process, the hospital's system of internal controls and compliance with laws and regulations.

Finance committee activities

The role of the finance committee is primarily to provide short- and long-term financial oversight for the hospital (The committee ensures books of account are well prepared in accordance with PFM ACT and acceptable standard,

Approving and signing of budgets according to absorption's capacities of the absorption's capacity of departments)

Environment committee activities

They are responsible for analysing and resolving Environment of Care issues.

Identify and generate improvement opportunities and process change to facilitate the safety, security, and comfort of patients and their social environment. Establish and maintain risk assessment and evaluation criteria to identify the priority of performance improvements and process changes.

Health Committee Activities

Their roles and responsibilities generally relate to identifying and addressing health issues within the community, as well as supporting CHWs and/or other volunteer health cadres. They may also be involved in actions of a social accountability nature raising issues regarding health service performance.

(f) Hospital Headquarters

P.O. Box 6-80403
Kwale - Kenya

(g) Entity Contacts

Telephone: (+254) 777174443
E-mail: kwalehospital@gmail.com
Website: www.go.ke

(h) Hospital Bankers

Kenya Commercial Banks
Kwale Branch
P.o Box 43-80403
Kwale

(i) Independent Auditors

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

(j) Principal Legal Adviser



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


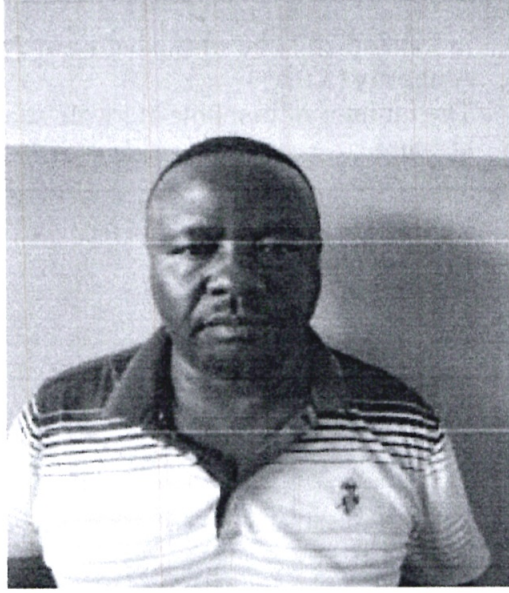
(k) Kwale County Attorney



P.O. Box. 4-80403
Kwale, Kenya



II. The Board of Management

Re	Directors	Details
1.		<p>RIZIKI WASI MWABAYA, MED-SUP</p> <p>Born in 1990 in kwale county , She finished ‘O’ Level of her education at ‘The ghakan secondary school’ in Mombasa, She has a bachelor in Medical at the University of Nairobi,</p> <p>She is now attending her master’s in business administration. The below are her duties as an incharge of the facility</p> <ul style="list-style-type: none"> ➤ Directing, supervising and evaluating the activities of medical, nursing, technical, administrative, maintenance and other personnel. ➤ Monitoring the use of diagnostic services, inpatient and outpatient services, facilities and staff to ensure use of resources. ➤ Enhances efficiency in the standard of investigation, diagnosis treatment and management of the patients in the hospital. <p>Establish work schedules and assignments for staff, according to workload, space and equipment availability</p> <p>Medical officer who is responsible of oversighting doctors and entire hospital’s operations</p>

<p>2.</p>		<p>ATHMAN MOHAMMED MWAYOGWE Born in The chairman of the board at Kwale sub-county Hospital, he was selected as a board member in by minister as health 2018, He worked at Malindi Eden Rock with a ministry of local Government, In 1992 to 1995 He worked with “Kwale Water for Health Organisation” (KWAHO) 1988 to 1991 he worked with the Swedish International Development Agency (SIDA) In 1998 to 2022 he worked at Kenya ports Authority (KPA) The initiator of borehole at kwale sub-county hospital</p>
<p>3.</p>		<p>Salim Tunza. Born in 1951 Has completed his “O” stage in 1979 at Mombasa High school in Mombasa County, He is a business man within, he owning several shops across the county, He was a board member at Kiteje primary school for three years</p>

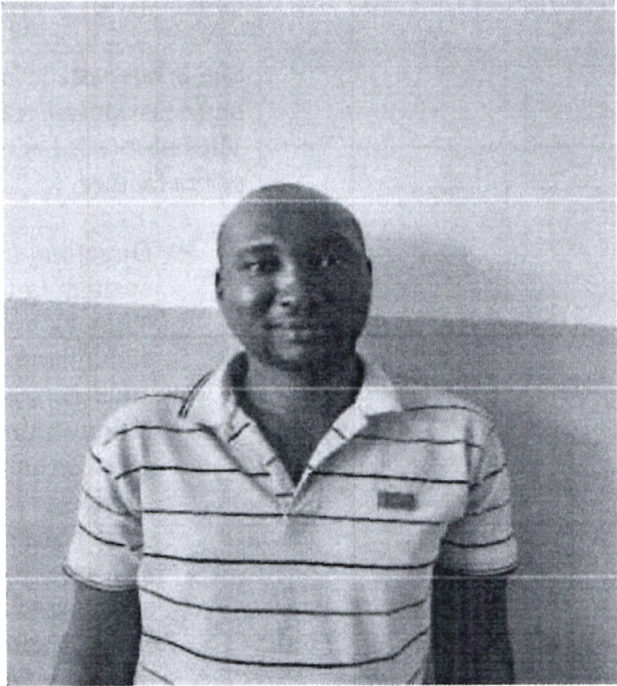
4.		<p>Abednego Muasya.</p> <p>Born in 1987 Attended his A level stage on 2007 at kwale high school, He is of a holder of a Certificate in entrepreneurship at Kampala College.</p> <p>A business Man/supplies of Hot culture goods within the county and outside.</p> <p>He was a board Member at Lukore Finance Services Association (LFSS) in kwale county</p> <p>He is now the chairman of the above-mentioned microfinance</p>
5.		<p>David Wanyoike Ndung'u</p> <p>The board member with a Diploma in mechanical engineering, Business man in mechanics (vehicle repairing and car wash)</p> <p>Has 18 years' experience in the same field therefore an expert in it. He joined the facility in 2017 through an appointment from minister of health</p>


6.	 A black and white portrait of a man with a shaved head, wearing a vertically striped short-sleeved button-down shirt. He is standing outdoors with a building and some vehicles in the background.	<p>Ndeme Mng'aro.</p> <p>Born in 1982. Finished at Mteza Primary Shool.</p> <p>He is a commercial farmer planting greens and selling them to his community at a profit</p> <p>He also sales dry fish in large scale to the local community.</p>
7.	 A black and white portrait of a woman wearing a dark, full-body hijab. She is looking directly at the camera with a slight smile.	<p>Binti Hamisi Mabopo,</p> <p>Boarn in 1976 at Tiwi ward in Matuga Sub-County at Kwale County Attended his "O" stage in 1999 She is a business woman dealing with selling of dresses at Tiwi ward.</p>

8.		<p>Bahati Muta' Born in 1970 at Matuga Sub County in Kwale County.</p> <p>He Finished secondary school in 1988 at Bombolulu Girls, She is a business woman within the county</p>
9.		<p>Mwanakombo Shibe</p> <p>Born in 1976 at Yeje in waa Ng'ombeni word in Matuga sub-county in Kwale County,</p> <p>Finished high school in 1992 at Yeje secondary school. Business women, dealing with hospitality business, within the county</p>

Management Team

Ref	Management	Details
1.	<p>Manager 1 <i>(Insert each key manager's passport-size photo and name, and key profession/academic qualifications)</i></p>	<p>RIZIKI WASI MWABAYA, MED-SUP</p> <p>Born in 1990 in kwale county , She finished 'O' Level of her education at 'The ghakan secondary school' in Mombasa, She has a bachelor in Medical at the University of Nairobi,</p> <p>She is now attending her master's in business administration. The below are her duties as an in charge of the facility</p> <ul style="list-style-type: none"> ➤ Directing, supervising and evaluating the activities of medical, nursing, technical, administrative, maintenance and other personnel. ➤ Monitoring the use of diagnostic services, inpatient and outpatient services, facilities and staff to ensure use of resources. ➤ Enhances efficiency in the standard of investigation, diagnosis treatment and management of the patients in the hospital. <p>Establish work schedules and assignments for staff, according to workload, space and equipment availability</p> <p>Medical officer who is responsible of overseeing doctors and entire hospital's operations</p>

2.		<p>MICHEAL KILONZO; Hospital administrative officer. He is a holder of a degree, bachelor of commerce, accounting option. He was employed in 2010 and has previously worked in Malindi hospital in Kilifi County and Ngao Hospital in Tana River County. He also has a diploma in Business management, CPA1 and senior leadership management course. He has 20 years' experience in administrative works. He has a number of commendable activities in the facility. He ai the first person to introduce support stuff uniform. He has also initiated the workforce from prisoners to assist the facility in clearing the bushes periodically. As a hospital administrator he is tasked with following responsibilities;</p> <ul style="list-style-type: none">• overseeing financial management and operations• authorising payments and procurement documents.• Overseeing procurement processes• Human resource management• Transport management• Patients and staff welfare management• Security of the hospital management• Overseeing general cleaning of the hospital• Coordinating projects in the hospital• Overseeing maintenance of equipment• In charge of sub- county rural health facilities and administrative functions
----	--	---

3.		<p>HAMADIS S. KIBWEBWE. THE CPA KIBWEBWE At the Vision Institute of Profession (VIP) Ongoing Bachelor of Commerce Finance option. Worked with Siginon Group as a Receivable Accountant for 4 years, (A company dealing with;</p> <ul style="list-style-type: none"> • transport services, • Clearing services, • Air cargo • Ware housing <p>Six years of experience in finance department at kwale County</p>
4.	Manager 4	
5.	Etc.	
<p><i>(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)</i></p>		

IV. Chairman's Statement

Activities during the year and Successes

The kwale Sub-County hospital situated at Kwale head quarter at Matuga Sub-County in kwale county, During the year ended 30 June 2022 the hospital managed come-up with several fruitful projects among of them are flagship project which is **Oncology Center**,

Other projects are **new male ward** which is a modern structure which has a capacity of holding 18 beds with all accessories i.e., Nets,

The management of the hospital try to come up with a solution of changing token system of payments (pre payments) to post payment system, the latter is the best system of payment to the facility,

We also managed to constructs a new modern incinerator to replace the old one, the old one was not well working

In the same period the management come up with a proposed project of constructing a borehole within the hospital, the aim of the project was to curb the problem of water scarcity within the facility.

Challenges being faced.

We have a ground tank with a CC Capacity of 200000ltrs but the water company which we are in contracted with is not supply enough water to the tank, this is due to their internal issues, which is beyond our control The company has a problem of not providing its services orderly, in a way that some time we are supposed to procure a private bussers to serve the situation.

Unproper Scattered visitors around the hospital area without a waiting bay at the specified place, this makes the out look of the hospital like a market.

the way forward or future outlook for the hospital

the hospital management proposed to procure ten thousand liters of water tank construction gutters around hospital roofs for water harvesting during rain seasons,

also, the hospital management propose to construct a waiting bay at the hospital and the mortuary for those who come to visit their patients and picking their let bodies at the mortuary.

Chairman of the governing board

Signature

.....

.....

V. Report of The Chief Executive Officer

Activities during the year and Successes

The kwale Sub-County hospital situated at Kwale head quarter at Matuga Sub-County in kwale county, During the year ended 30 June 2022 the hospital managed come-up with several fruitful projects among of them are flagship project which is **Oncology Centre**, with a bill of quantity of 35,000,000 Kenyan money Other projects are **new male ward** which is a modern structure which has a capacity of holding 18 beds with all accessories i.e., Nets,

The management of the hospital try to come up with a solution of changing token system of payments (pre payments) to post payment system, the latter is the best system of payment to the facility,

We also managed to constructs a new modern incinerator to replace the old one, the old one was not well working

In the same period the management come up with a proposed project of constructing a borehole within the hospital, the aim of the project was to curb the problem of water scarcity within the facility.

Challenges being faced.

We have a ground tank with a CC Capacity of 200000ltrs but the water company which we are in contracted with is not supply enough water to the tank, this is due to their internal issues, which is beyond our control The company has a problem of not providing it services orderly, in a way that some time we are supposed to procure a private busser to serve the situation.

Unproper Scattered visitors around the hospital area without a waiting bay at the specified place, this makes the outlook of the hospital like a market.

the way forward or future outlook for the hospital

the hospital management proposed to procure ten thousand liters of water tank construction gutters around hospital roofs for water harvesting during rain seasons,

the project mentioned above was a stepping stone make the hospital not suffering from lack of water during dry seasons

also, the hospital management propose to construct a waiting bay at the hospital and the mortuary for those who come to visit their patients and picking their let bodies at the mortuary,

the two proposed bays with capacity of holding 250 to 300 visitors at go, will make the outlook of the hospital very nice

Medical Superintendent

.....

SIGNATURE
MEDICAL SUPERINTENDENT
KWALE SUB-COUNTY HOSPITAL
14 JUL 2023
P. O. Box 6-80403, KWALE

Statement Of Performance Against Predetermined Objectives

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

The hospital has X strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1:

Pillar/theme/issue 2:

The hospital develops its annual work plans based on the above X pillars/Themes/Issues. 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 xx strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Pillar/ theme/ issue 1:				

(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)

VII. Corporate Governance Statement

The 1st meeting was held on 28 September 2021 at hospital board room

Member present;

- | | |
|------------------------|------------------------|
| • .Athman mwayogwe | Chairman of the board. |
| • .mwanakombo a shibe | member. |
| • .Bahati h. mutta | member. |
| • .Binti Hamisi Mabopo | member. |
| • .Ndeme mn'garo | member. |

The 2nd meeting was held on 21stDecember 2021 at hospital board room

Member present;

Athman Mwayogwe
David W. Ndung'u
Abednego m. Muasya
Binti Hamisi Mabopo
Mwanakombio shibe
Ndeme Mn'garo

The 3rd meeting was held on 23rd December 2021 at hospital board room

Member present.

- . Athman Mwayogwe
- . Mwanakombo a. shibe
- . Bahati h. Mutta
- . Binti Hamisi Mabopo
- . Ndeme mn'garo
- . Salim Tunza
- David wanyoike

The 4th meeting was held on 19th April 2022 at hospital board room

Member present:

- Athman Mwayogwe
- Mwanakombo A. shibe
- . Bahati Hamisi Mabopo
- .Ndeme mn'garo
- . Salim Tunza
- .David Wanyoike

Succession Planning –

Succession planning is a process of recognizing and preparing new leaders who can take the leadership roles and replace the old leaders once they leave due to retirement, resignation, promotion, transfer, or death.

The member shall vacate his /her position on the committee in the following;

- If a member is absent without apology and reasonable explanation from 3 consecutive meeting of the committee
- If in the case of a member of non-governmental organisation, the member ceases to hold the office by virtue of which his nomination was made.
- If a member convicted of a criminal offence.
- If a member ceases to reside or practise in the area of hospital jurisdiction
- If a member voluntarily resigns from the committee
- If a member deceased
- If a member involved in gross conflict of interest and the committee recommend to the minister

Board charter

This Charter sets out the authority, roles and responsibilities, and procedures of the Kwale Sub-County Hospital and Health Board (the Board). It should be read in conjunction with the Hospital and Health Boards Act 2011, (the Act) the Hospital and Health Boards Regulation 2012, (the Regulation) Welcome Aboard: A Guide for Members of kwale Sub-County Government Boards, Committees and Statutory Authorities and the Kwale Sub-County Health Good Practice Guide for Boards. The Board does not replicate or replace established management responsibilities and delegations.

Membership

In accordance with the legal Notice No 155 of October 2009, the HMC membership shall be as follows:

- a. There shall be at least seven (7) and not more than nine (9) members of the committee appointed by the minister.
- b. A member of the committee, apart from the ex-officio, shall hold office for a period of three (3) years and shall be eligible for appointment for one (1) further term
- c. A person shall not be appointed as a member of the committee unless that person hold at least a O-level certificate of education or its equivalent.
- d. To the extent feasible, committee members should ride or work in the hospital service area

Composition

The total membership of the committee shall be at least seven (7) and not more than nine (9) members and shall consist of;

- a) a chairperson nominated by members of the committee from among themselves and appointed by the minister

- b) the area provincial commissioner or his/her (level5 hospital) District medical services officer (level4 hospital) or his /her representative duly nominated by him/her in writing.
- c) The area provincial director of medical services (level5) district medical (level5) district medical services officer (level4) or his/her representative duly nominated by him/her in writing.
- d) The person in charge of the hospital who shall be the secretary.
- e) The person in charge of a local authority provincial/district or sub-district

ROLES

- a) approve the workplan prepared by the facilities
- b) ensuring equitable distribution of resources to the medical facilities
- c) reviewing and approving annual expenditure statements

Core Functions

The legal Notice No 255 of October 2009 spell out the core function of the HMC at the respective level as the following:

- a) to supervise and control the administration of the fund allocated to a provincial district or sub-district hospital;
- b) to open and operate a bank account at a bank to be approved by the minister for the time being responsible for finance
- c) to prepare workplan based on estimated expenditure
- d) To cause to be kept book of accounts of and record of accounts of the income, expenditure, assets and liabilities of the hospital.
- e) To prepare and submit certified periodic financial and performance report at prescribed
- f) To cause to be kept a permanent record of all deliberations.

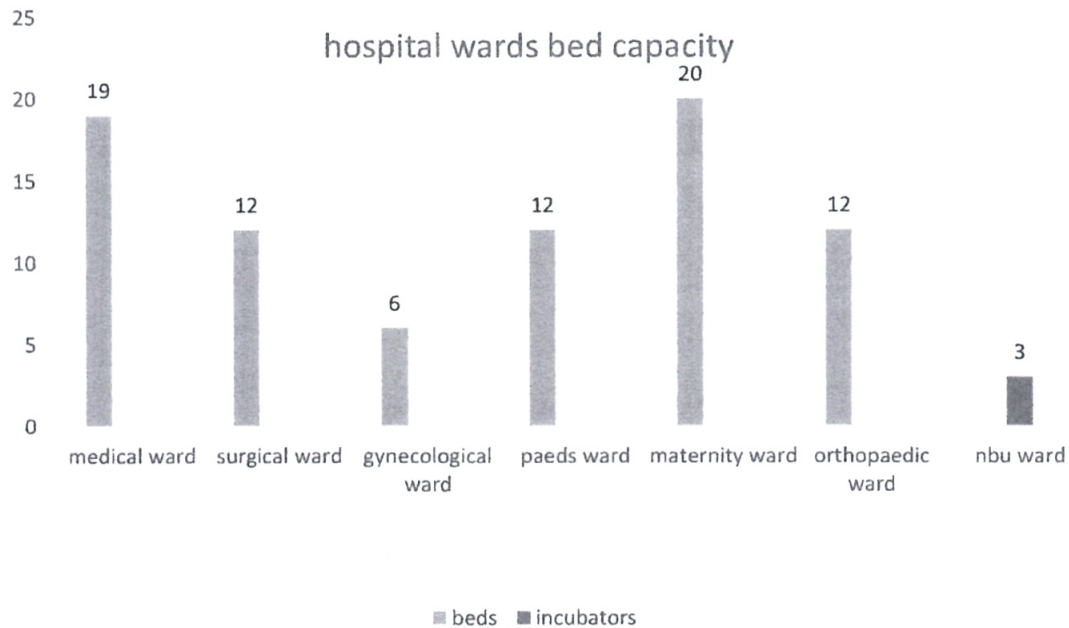
Core Responsibilities

- Overseeing hospital performance improvements
- Participating in planning for the hospital
- Mobilizing resources
- overseeing the function operations of the hospital
- ensuring development of hospital human resources
- ensuring communities right are fulfilled and their needs are adequately met.
- Maintaining a positive public image
- Ensuring compliance with environmental regulations and standards
- Ensuring external relationship and partnerships
- Mitigate potential conflict of interest.
- Risk Management

VIII. Management Discussion and Analysis

Two- four pages

The facility as bed capacity of as per the below charts and the management is working well with the county focal persons to ensure the hospital increases its capacity through more structures for the better services



Overall patient attendance for the financial year 2021-2022 for both outpatient and inpatient were 61346 and 2444 respectively, these totals are for female, male, under five years, over five years, sixty plus adage,

For the same year the facility emerged to receive emergency and accident patient total to 17111

Overall patient attendance during the year for both inpatient and out patient

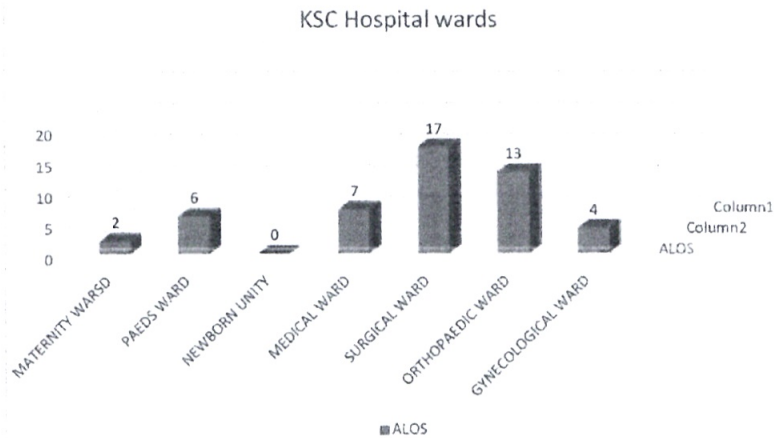
OUTPATIENT ATTENDANCE	NUMBERS
Under 5years Female	8109
Under 5years Male	8733
Over 5years Female	15541
Over 5years Male	13323
60+ years	15640

TOTALS	61346
INPATIENT ATTENDANCE	
Admissions Under 5years	222
Admissions Over 5years	2222
TOTALS	2444
Accident and Emergency attendance	17111

Specialised clinic attendance

SPECIAL CLINICS	NUMBERS
SOPC	613
GOPC	642
MOPC	1921
POPC	73
ORTHO	684
DERMA	1330
TOTAL	5263

Average length of stay for in patient



The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years. Some of the details to be included under this section are;

Clinical/operational performance

- **Bed capacity of the hospital.**
- The hospital has improved to a bed capacity of 166 from 150, this has done for the welfare of the community
- **Overall patient attendance during the year for both inpatient and outpatient.**
Both patients attended kwale hospital on the financial year were 89726
- **Accident and Emergency attendance**
The patient attended emergency are 3807

- **Specialised clinic attendance**
attended special clinic were 3176
- Average length of stay for in patient
- **Bed occupancy rate**
166 bed capacity
- **Mortality rate**
Mortality rate was 4531

- **Surgical theatre utilisation (number of operations over a period of time)**
number 1573
- Sponsorships and partnerships

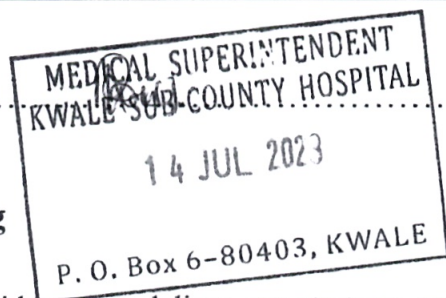
Financial performance that includes

- **Revenue sources,**

- County treasury
- Collections from services rendered
- utilisation of funds etc

Medical superintendent

Signature



IX. Environmental And Sustainability Reporting **Two-to-three pages)**

Kwale Sub- County 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. *(Tailor make as appropriate).*

i) Sustainability strategy and profile

Typically, facilities managers are expected to oversee a range of services, including but not limited to:

- Setting up and organizing routine upkeep and building repairs.
- Dealing with legal or contractual issues (with clients and outside vendors).
- Offering clients the proper amenities and equipment.
- Complying with regulations on health and safety.
- Utilizing space management to make sure residents are content and secure.
- Ensuring the safety of the area.

The hospital has made its effort by ensuring, it keeps money aside to ensure there will no water scarcity in the facility, by constructing a borehole with a proximately amount of 2,500,000, His excellency Governor Mr Salim Mvurya ensures health facilities in kwale county receives enough resources for smooth delivering of services to kwale citizens,

Through his effort the facility manged to procure a stand by generator costing 3,000,000 to ensure no power surge interrupted services within the hospital,

Construction flagship project of Oncology centre where cancers are being screened, cured and treated,

Political instability is the situation where most facilities are not working well due external forces from politicians, there may be a situation where a politician's pushes can push a waiver where it does not apply

ii) Environmental performance

Ensures hospital operations are in compliance with environmental laws and regulation with regards to disposal of medical wastes and endeavour to encourage environmental conservation with the hospital and its environs.

The activities has made the hospital to be ranked number one amongst all for hospital within the kwale county,

The management has decided to construct an incinerator at the facility to cub environment pollutions.

iii) *Employee welfare*

The process of employment is as been guided by the Act, where there should be a gender balance when employing staffs and there should be a free and fair selections,

Best performed employees are being rewarded based on workload and accuracy of their work done,

The management has a policy of training its employee when there is a need for that and sent them to refresher courses,

Appraising of staff are part of policy of the facility which makes employees to see themselves as part of the organisation.

The facility is complying with the Act Of 2007 (OSHA)

iv) *Market place practices-*

We ensure the market is free from irregularities, through that the hospital management is working hard to ensure make fare on that

a) *Responsible competition practice.*

Among the core value of the facility is that, we should keep the environment free from corruption, and any person involved in corruption issues, legal actions should take against that person.

b) *Responsible Supply chain and supplier relations*

The facility ensures there are fare selection of bidders at the time of purchasing goods, and services and also ensures payment are paid promptly and accordingly to make suppliers see themselves as part of the organisation

c) *Responsible marketing and advertisement*

We care about the competitors in the market and there is high level of positive ethical issues within the hospital, for that we appreciate the management

d) *Product stewardship*

We safeguard consumers rights; our consumers are mostly patients and we ensure most of the time

v) *Corporate Social Responsibility / Community Engagements*

Though Kwale sub-county hospital is a non-profit making institution, it has a number of CSR activities aligned to the National and kwale county policy of caring for the underprivileged and vulnerable citizens.

Waiver

The hospital ensures there is some waivers to people who cannot pay their hospital bill, this is so as to allow many citizens accessing health facilities.

The waiver is mostly for those people with financial distress

Conducting outreach;

this where some nurses are moving outside the facility to ensure treatments are done to the citizen whom are not able to attend health centres

UNDER FIVE YEARS

The hospital has come to an idea to those who are under five for free service this is so to curb the problem of sending a kid every time to the hospital for payment

X. Report of The Board of Management

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

Principal activities

The principal activities of the entity are

- Health caring
- Consultation services
- Curative services

The principal activities of the entity are (continue to be)

Results

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

Board Of Management

The members of the Board who served during the year are shown on page During the year xxx director retired/ resigned and was appointed with effect from --- date.

Auditors

The Auditor General is responsible for the statutory audit of the Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Hospital for the year/period ended June 30, xxx in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Secretary of the Board

Signature.....

I. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the *Hospital’s* financial statements, which give a true and fair view of the state of affairs of the *Hospital* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Hospital*, (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 *Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *Hospital’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 (*– Hospital should quote applicable legislation as indicated under*). The Board members are of the opinion that the *Hospital’s* financial statements give a true and fair view of the state of *Hospital’s* transactions during the financial year ended June 30, 2022, and of the *Hospital’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Hospital*, which have been relied upon in the preparation of the *Hospital’s* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Hospital’s* financial statements were approved by the Board on 14/07/2023 and signed on its behalf by:

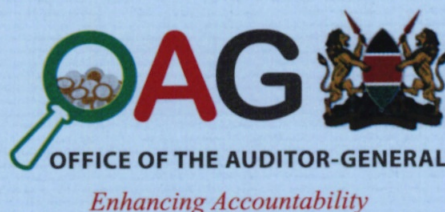
Athman Mohammed Mwayogwe
Name:
Chairperson
Board of Management

Hamadi S. Kibwebwe
Name:
Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 KWALE SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KWALE

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 Kwale Sub-County Level 4 Hospital - County Government of Kwale set out on pages 32 to 82, which comprise of the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kwale Sub-County Level 4 Hospital - County Government of Kwale as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies of In-Kind Contributions from County Government

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects in-kind contributions from the County Government of Kshs.232,843,448. However, the amount excludes pharmaceuticals and non-pharmaceuticals from Kenya Medical Supplies Authority (KEMSA) and Mission for Essential Drugs and Supplies (MEDS) worth Kshs.16,776,091 paid for by the County Government and free Global Fund commodities to fight Tuberculosis, HIV and Malaria amounting to Kshs.17,555,447.

In the circumstances, the accuracy and completeness of the in-kind contributions from the County Government amounting to Kshs.232,843,448 could not be confirmed.

2. Undisclosed Revenue from Exchange Transactions

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects a Nil amount under medical service income from rendering of services. However, review of documents provided for audit reflect revenue collection of Kshs.6,022,139 through Mpesa pay bill account under the same source of income. Further, review of documents revealed that the Hospital procured drugs from the Kenya Medical Supplies Authority (KEMSA) and Mission for Essential Drugs and Supplies (MEDS) which the Hospital's pharmacy dispenses at a fee. The payments were made through the Hospital's Mpesa pay bill account. However, the prices of sampled one hundred and forty (140) medicines costing Kshs.4,087,820 were not captured in the Mpesa pay bill statements.

In the circumstances, the accuracy and completeness of the Nil amount of general expenses could not be confirmed.

3. Undisclosed Receivables from Exchange Transaction

The statement of financial position and Notes 28 reflects a Nil balance under receivables from exchange transactions. However, review of documents revealed that the Hospital prepared National Hospital Insurance Fund (NHIF) claims amounting to Kshs.8,129,500 and was refunded an amount of Kshs.7,282,400, resulting to a shortfall of Kshs.847,100 in respect to receivables from NHIF. Further, the contract agreement between the Hospital and the NHIF indicating the terms and conditions of operations was not provided for audit.

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

4. Inaccuracies in General Expenses

The statement of financial performance reflects general expenses amounting to Kshs.8,860,115 as disclosed in Note 21 to the financial statements. Included in this amount are Kshs.1,098,285 and Kshs.671,112 on travel and accommodation allowance and motor vehicle running expenses respectively. However, the supporting ledger for travel and accommodation allowance reflects a balance of Kshs.752,185, resulting to an unreconciled variance of Kshs.346,100 and the motor vehicle running expenses of Kshs.671,112 were not supported by a ledger.

Further, general expenses amounting to Kshs.3,083,225 in respect of publishing and printing services of Kshs.12,450, supplies for computers and printers of Kshs.812,000, general office supplies of Kshs.1,962,620, and purchase of household and institutional appliances of Kshs.296,155 were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of general expenses amounting to Kshs.8,860,115 could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.358,740 and as disclosed in Note 31 to the financial statements. However, the financial statements do not disclose non-current assets purchased during the year amounting to Kshs.1,175,300 in respect of furniture and fittings of Kshs.448,600, computers, printers and other IT equipment of Kshs.701,700, and medical and dental equipment of Kshs.25,000. Further, the statement of financial position and as disclosed in Note 18 to the financial statements reflects a depreciation expense of Kshs.39,860 which was not supported by the Hospital's depreciation policy.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.358,740 could not be confirmed.

6. Unsupported Payment for Drugs

Review of documents revealed that the Hospital ordered a total of 12,685 units costing Kshs.1,311,970 while KEMSA delivered a total of 18,750 units costing Kshs.2,153,820

resulting into an oversupply of 6,065 units at a cost of Kshs.841,850 which were not supported by a procurement order.

In the circumstances, the regularity of the payment for the additional 6,065 units of drugs costing Kshs.841,850 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs.257,003,448 and Kshs.234,861,448 respectively, resulting to an underfunding of Kshs.2,214,200 or 8% of the budget. Similarly, the Hospital spent Kshs.229,733,170 against an approved budget of Kshs.234,876,820 resulting to an under-absorption of Kshs.5,143,650 or 2% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

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. Non-Compliance with the Public Sector Accounting Standards

The financial statements header did not indicate the name of the Hospital under the statement of financial performance, the statement of financial position, the statement of

changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts.

In the circumstances, the financial statements have not been prepared in accordance with the recommended reporting template and guidelines issued by the Public Sector Accounting Standards Board.

2. Failure to Deduct and Remit National Social Security Fund Contributions

The staff payrolls for the financial year under review revealed that Management failed to deduct and remit employees' National Social Security Fund (NSSF) contributions amounting to Kshs.488,800 contrary to Sections 19(1) and 20(1) of the National Social Security Fund, 2013 which requires every employer who, under a contract of service, employs one employee or more shall register with the Fund as a contributing employer and shall, register his employee or employees, as members of the Fund and pay to the Pension Fund in respect of each employee in his or her employment.

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

3. Irregular Waivers of Patient Bills

Review of the Hospitals revenue system revealed patient bills fees waivers amounting to Kshs.388,080 by three officers who had no delegated authority for such approvals from the Accounting Officer or the receiver of revenue as required of the Regulation 64(3) of the Public Finance Management (County Governments) Regulations, 2015 which provide that the Accounting Officer or receiver of revenue or collector of revenue shall include in the report under paragraph (1), the following details in respect of each waiver or variation; (a) the full name of each person benefiting from the waiver or variation; (b) the amount of tax, fee or charge affected by the waiver or variation; (c) the year to which the waiver or variation relates; (d) the reasons for the waiver or variation.

Also, the circumstances for the waivers, an assessment report indicating the patient's inability to pay for the services rendered, the quarterly report submitted to the County Treasury and the Auditor-General were not been provided for audit review.

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

4. Irregular Procurement of Furniture

Review of documents revealed that a supplier was paid an amount of Kshs.385,365 for the supply of six (6) tables and ten (10) chairs where the procurement was made through request for quotations. However, no appointment letters for the adhoc opening and evaluation committees, professional opinion, and minutes of the committees as required by Regulation 91(2) of the Public Procurement and Asset Disposal Regulations, 2020 were provided for audit. Further, no stores ledger and fixed assets register were provided to confirm the receipt and issue of the assets. Physical verification of the furniture conducted on 16 May, 2023 revealed that the Hospital could not identify the tables and chairs.

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

5. Poor Management of Medical Supplies

The management of pharmaceuticals and non-pharmaceuticals revealed that the KEMSA and MEDS delivered medical supplies to the Hospital between July, 2021 and June, 2022. However, the stores officer received the supplies amounting to Kshs.3,989,039 without the involvement of a pharmacist or appointed specialist to confirm whether the supplies met the quality specifications.

In addition, KEMSA delivery notes dated 21 April, 2022 and 28 October, 2021 shows that individuals who are not Hospital's staff received supplies amounting to Kshs.1,743,814. These supplies could not be traced in the department of health stores to verify whether they were used at the facility.

Further, medical supplies delivered in the months of August, 2021, May, 2022 and June, 2022 amounting to Kshs.978,869 were received by undisclosed persons whose details are not recorded on the delivery notes.

In the circumstances, the value for money on medical supplies could not be confirmed.

6. Poor Implementation of Universal Health Coverage

Review of documents revealed that the Ministry through KEMSA, under the UHC program, made a drugs donation to the Hospital on 21 December, 2021 worth Kshs.550,355 for the implementation of universal health coverage which was found to be insufficient in sustaining the program. Further, the status of the employment contracts for the deployed healthcare workers could not be established.

In addition, review of the stock records revealed that the Hospital experienced stock outs of essential medical supplies of between eight (8) to one hundred and seventeen (117) days during the year while the Management did not have a minimum reorder levels policy on replenishment of medical supplies.

In the circumstances, the attainment of universal health care may not be achieved which may impact negatively on service delivery to the public.

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. Weak Internal Controls in Revenue Collection

Review of the Hospital's patients flow chart revealed that a patient was first registered then proceeded for examination, consultation, treatment and pharmacy. However, the Hospital's monthly service workload report for the financial year 2021/2022 indicated that a total of 52,533 patients were registered but only 15,106 patients made cash payments amounting to Kshs.6,022,130. However, the variance of 37,427 patients who could not be attributed to NHIF care has not been explained.

The monthly service workload report indicates that twelve (12) inpatients whose details were not disclosed escaped from the Hospital before making payments. However, there was no evidence that the cases were reported to Management and how the outstanding amounts were recovered.

In the circumstances, the weaknesses in internal controls on own generated revenue may impact negatively on revenue generation.

2. Shortage of Healthcare Workers

Review of the Hospital's processes revealed that it did not have an approved staff establishment to determine the optimal number of staffs. The draft staff establishment indicates a total staff requirement of two hundred and eighty-two (282) against the in-post of one hundred and sixty-four (164), resulting in a shortage of one hundred and eighteen 118 employees, out of which one hundred and one (101) are healthcare workers.

In the circumstances, the Hospital lacks capacity to provide primary healthcare services as intended for a Level 4 Hospital.

3. Irregular Composition of Board and Appointment of its Members

The Hospital's Board of Management had nine (9) members appointed on 04 May, 2018 for a three (3) years term to end on 03 May, 2021. However, on 27 September, 2022 the CEC Member for Health Services issued an internal memo to the Accounting Officers of all Level 4 and 5 Hospitals in Kwale County to continue working with the then current Board members until further notice. As a result, the Board members continued to be in office without valid appointments, over thirteen (13) months after the expiry of their contracts.

In addition, the Board did not include Deputy County Commissioner, Sub-County medical services officer, person-in-charge of the Hospital, and a person with knowledge and experience in finance and administration matters as required by the Governance Guidelines for Hospital Management Committees for Level 4 and 5 Hospital, 2011 issued by Ministry of Medical Services, 2011.

In the circumstances, the regularity of the Board as composed and its effectiveness in governance could not be confirmed.

4. Expired Supplies

Review of management of pharmaceuticals and non-pharmaceuticals at the Hospital revealed that 1,249 units of various drugs of undetermined value had expired between August, 2021 to June, 2022 since the stores officer did not use First Expiry First Out (FEFO) principle while issuing the supplies.

In the circumstances, the lack effective management of pharmaceutical and non-pharmaceutical policies may result in expiry of medical supplies.

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 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 overall 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 controls 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 judgement and maintain professional skepticism throughout the audit. I also:

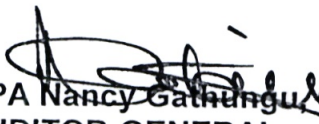
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 October, 2023

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

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,018,000	-
In- kind contributions from the County Government	7	232,843,448	-
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	-	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income (<i>specify</i>)	14	-	-
Revenue from exchange transactions		-	-
Total revenue		234,861,448	-
Expenses			-
Medical/Clinical costs	15	15,607,425	
Employee costs	16	200,870,367	-
Board of Management Expenses	17	346,100	-
Depreciation and amortization expense	18	39,860.00	-
Repairs and maintenance	19	4,005,910	-
Grants and subsidies	20		-
General expenses	21	8,860,115.18	-
Finance costs	22	3,392.94	-
Total expenses		229,733,170.12	-
Other gains/(losses)			-
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24	-	-

Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		5,128,277.88	-
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		-	-

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

The Hospital's financial statements were approved by the Board on 14/07/2023 and signed on its behalf by:

.....
Chairman

Board of Management


Head of Finance

ICPAK No:


Medical Superintendent

MEDICAL SUPERINTENDENT
KWALE SUB-COUNTY HOSPITAL
 14 JUL 2023
 P. O. Box 6-80403, KWALE

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

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,459.06	-
Receivables from exchange transactions	28	-	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	-	-
Total Current Assets		-	-
Non-current assets			
Property, plant, and equipment	31	358,740.00	-
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		-	-
Total assets		360,199.06	-
			-
Liabilities			
Current liabilities			
Trade and other payables	34	-	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Total Current Liabilities		-	-
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
		-	-
Total Non-current liabilities		-	-
Total Liabilities		-	-
			-


Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Accumulated surplus/Deficit		5,128,277.88	-
Capital Fund		-	-
		-	-
Total Net Assets and Liabilities		360,199.06	-

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

The Hospital's financial statements were approved by the Board on 14/07/2023 and signed on its behalf by:

.....
 ...
Chairman
Board of Management

.....

Head of Finance
ICPAK No:

MEDICAL SUPERINTENDENT
 KWALE SUB-COUNTY HOSPITAL
 Medical Superintendent
 P. O. Box 6-80403, KWALE

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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	360,199.06	-	-	360,199.06
Surplus/(deficit) for the year	5,128,277.88	-	-	5,128,277.88
Capital/Development grants	-	-	-	-
At June 30, 2022	5,488,476.94	-	-	5,488,476.94

(Note:

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

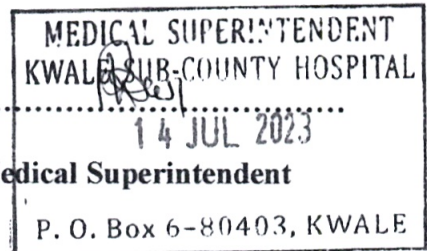
(The notes set out on pages x to xx form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14/07/2023 and signed on its behalf by:

.....
 ..
Chairman
Board of Management

.....
 ..
Head of Finance
ICPAK No:

.....
 ..
Medical Superintendent



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

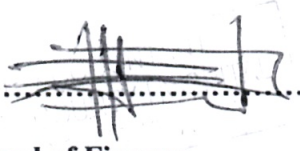
Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,018,000	-
Grants from donors and development partners			-
Transfers from other Government entities			-
Public contributions and donations			-
Rendering of services- Medical Service Income			-
Revenue from rent of facilities			-
Finance / interest income			-
Other receipts(<i>specify</i>)			-
Total Receipts		2,018,000	-
			-
Payments			-
Medical/Clinical co			-
Employee costs			-
Board of Management Expenses		(346,100)	-
Repairs and maintenance			-
Grants and subsidies			-
Other Allowances and office expenditure		(1,667,048)	-
Finance costs		(3,392.94)	-
Refunds paid out			-
Total Payments		(2,016,540.94)	-
Net cash flows from operating activities	41	1459.06	-
Cash flows from investing activities			-
Purchase of property, plant, equipment, & intangible assets			
Proceeds from the sale of property, plant, and equipment			-
Acquisition of investments			-
Net cash flows used in investing activities		0.00	-
Cash flows from financing activities			-
Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-
Net cash flows used in financing activities		0.00	-

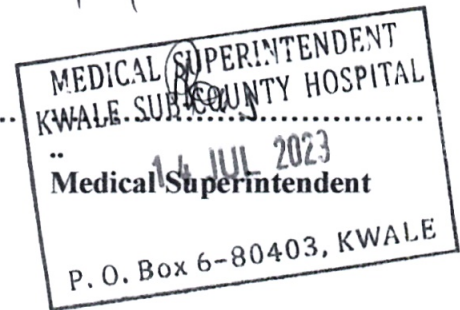
Net increase/(decrease) in cash and cash equivalents		-	
Cash and cash equivalents at 1 July	27	1,524.06	-
Cash and cash equivalents at 30 July	27	1,459.06	-

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

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14/6/2023 and signed on its behalf by:

.....
..
Chairman
Board of Management


.....
..
Head of Finance
ICPAK No:



Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	22,660,000	1,500,000	24,160,000	2,018,000	22,142,000	91.6%
In kind contribution from the county Governments (Direct payment)	31,973,080.9	-	31,973,080.9	31,973,080.9	0	100%
In kind contribution from the county Governments (Employment cost)	200,870,367		200,870,367	200,870,367	0	100%
Grants from donors and development partners	-	-	-	-	-	0
Transfers from other Government entities	-	-	-	-	-	0
Public contributions and donations	-	-	-	-	-	0
Rendering of services- Medical Service Income (Mpesa Paybill)		-				
Revenue from rent of facilities	-	-	-	-	-	0
Finance / interest income	-	-	-	-	-	0
Other receipts (<i>specify</i>)	-	-	-	-	-	0
Total income	255,503,447.9	1,500,000	257,003,447.9	234,861,447.9	2,214,2000	8.62%
Expenses						
Medical/Clinical costs	15,607,425	0	15,607,425	15,607,425	0	100%
Employee costs	200,870,367	0	200,870,367	200,870,367	0	100%
Remuneration of directors	0	0	0	0	0	0
Repairs and maintenance	4,005,910	0	4,005,910	4,005,910	0	100%
Grants and subsidies	0	0	0	0	0	0

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

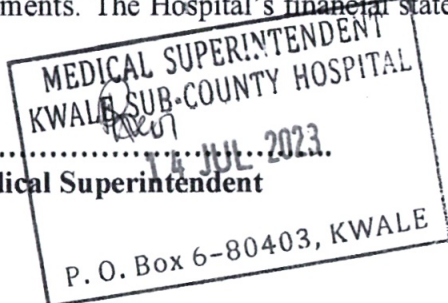
General expenses	7,090,718	0	7,090,718	7,090,718	0	100%
Finance costs	40,000	(20,000)	20,000	3,392.94	16,607.06	83.04%
Refunds	7,282,400	0	7,282,400	7,282,400	0	100%
Surplus for the period	-	0	-	-	0	%
Capital expenditure	-	0	-	-	0	%

1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14/07/2023 and signed on its behalf by:

.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent
P. O. Box 6-80403, KWALE

Notes To the Financial Statements

1. General Information

The Hospital is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Hospital's principal activity is Health Services.

2. Statement Of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

<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><i>(State the impact of the standard to the Entity if relevant)</i></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"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

	<p>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><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

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

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

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

p) Service concession arrangements

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

Notes to the Financial Statements (Continued)

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note

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

6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Transfers From the County Government	2,018,000	
Unconditional grants		
Operational grant	-	-
Level 5 grants	-	-
Other grants	-	-
	2,018,000	-
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	2,018,000	-

Notes to the Financial Statements (Continued)

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Kwale County Government	2,018,000	-	-	-	2,018,000
Total	2,018,000	-	-	-	2,018,000

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	200,870,367	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills (Direct Payment from County treasury)	31,973,080.9	-
Total grants in kind	232,843,447.9	-

8. Grants From Donors and Development Partners

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

Notes to the Financial Statements (Continued)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	1	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income (Rendering of services Mpesa Paybill)	-	-
Total revenue from the rendering of services	-	-

(other medical services fee relates to other charges not listed above)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Other Income

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

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22 KShs	2020/21 KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	850,320	-
Public health activities	-	-
Food and Ration	6,136,782	-
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	-	-
Pharmaceutical supplies	6,121,929	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	1,798,394	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	700,000	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	15,607,425	-

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

16. Employee Costs

Description	2021/22 KShs	2020/21 KShs
Salaries, wages, and allowances	200,870,367	-
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>)	-	-
Employee costs	200,870,367	-

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	346,100.00	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	346,100.00	-

18. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	39,860	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	39,860	-

19. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	1,276,684	-
Medical equipment	276,606	-
Office equipment	639,888	-
Furniture and fittings	653,287	-
Computers and accessories	999,400	-
Motor vehicle expenses	160,045	-
Maintenance of civil works	-	-
Total repairs and maintenance	4,005,910	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	65,000	-
Catering expenses	194,450	-
Motor vehicle running expenses	671,112.18	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	-	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	1,098,285	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	17,821	-
Printing and stationery	-	-
Hire charges	-	-
Rent expenses	-	-
Fuel for transport	3,520,892	-
Other fuel	313,900	-

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	2021/22	2020/21
	KShs	KShs
Water and sewerage costs	2,560,055	-
Skills development levies	-	-
Telephone and mobile phone services	418,600	-
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	8,860,115.18	-

22. Finance Costs

Description	2021/22	2020/21
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	3,392.94	-

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

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	-	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	1,459.06	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	1,459.06	-

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

Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1146697198	1,459.06	-
Equity Bank, etc		-	-
			-
Sub- total		1,459.06	0
b) On - call deposits			-
Kenya Commercial bank		-	-
			-
Equity Bank – etc		-	-
Sub- total		0	0
c) Fixed deposits account		-	
Bank Name		-	-
		-	
Sub- total		0	0
d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
		-	-
Sub- total		-	-
Grand total		1,459.06	0

28. Receivables From Exchange Transactions

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

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

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

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

30. Inventories

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

Description	Land	Buildings and Civil works	Mot or vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2021	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	398,600	-	-	-	398,600
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	398,600	-	-	-	398,600
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	39,860	-	-	-	39,860
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	-	39,860	-	-	-	39,860
At July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net book values	-	-	-	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	358,740	-	-	-	358,740

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade And Other Payables

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

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

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

36. Provisions

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

37. Finance Lease Obligation

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

Notes to the Financial Statements (Continued)

38. Deferred Income

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

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

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

39. Borrowings

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

Notes to the Financial Statements (Continued)

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

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

40. Service Concession Arrangements

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

41. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax		
Adjusted for:	1459.06	
Depreciation		-
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	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,459.06	-

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

Notes to the Financial Statements (Continued)

42. Financial Risk Management

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

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

(i) Credit risk

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

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

(iii) Market risk

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

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

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

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

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs ... (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	-

43. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
	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	-	-
Payments for goods and services for xxx	-	-
Total	-	-
	-	-
d) Key management compensation	-	-
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

Notes to the Financial Statements (Continued)

44. Segment Information

45. Contingent Liabilities

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

(Give details)

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	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 Ministry of xxx. Its ultimate parent is the Government of Kenya.

49. Currency

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

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIX. Appendices

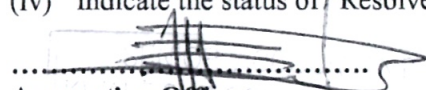
Appendix 1: Progress on Follow Up Of Auditor Recommendations

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



Accounting Officer

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

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

Kwale Sub-County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]


[Insert Address]

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

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2022				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2021 (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 Accountants department of beneficiary entity:

Name *Hamidi S. Kibachwa* Sign  Date *14/09/2023*

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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

NOTES:

- During the financial year 2021/2022 the revenue department collected a total of Kes. 6,022,139.00 through Mpesa paybill from patients attended to at the facility.
- During the financial year 2021/2022 the revenue department collected a total of Kes. 8,129,500.00 through NHIF claims from patients attended to at the facility.