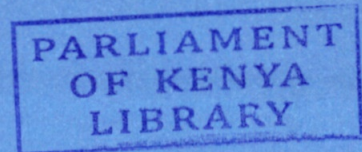
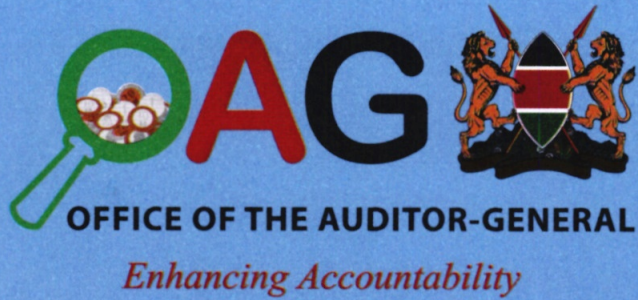


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KIBWEZI SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MAKUENI

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

18 JUN 2024

RECEIVED



KIBWEZI SUB-COUNTY LEVEL 4 HOSPITAL

(COUNTY GOVERNMENT OF MAKUENI)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

18/09/24
Mleader
18/09/24
COMMITTEE
TABLED BY
FAPRAS LTD

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1. Acronyms & Glossary of Terms

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

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

2. Key Entity Information and Management

(a) Background information

Kibwezi Sub County Hospital is a level (4) hospital established under gazette notice number CXXII-24 and is domiciled in Makueni County under the Health Department. The hospital is governed by a Hospital Management Committee. It is located in Thange ward, Kibwezi East sub county, Makueni County. It was established by the African medical and research foundation (AMREF) as a dispensary in the year 1977 and was referred to as Kibwezi Rural Health Scheme. In 2013 the facility was handed over to the County Government of Makueni and later upgraded to a level 4 hospital.

The facility serves a population of 156,233 and 4,200 households with a monthly out-patient workload estimated at 6,800. It serves residents of Makueni County and the neighbouring Kitui and Taita Taveta counties.

The hospital acts as a sub-county referral centre, receiving patients from various health centres within Kibwezi East Sub County. The facility has 76 bed capacity and offers general outpatient and in-patient services, medical, surgical, gynaecology and paediatric outpatient clinic, laboratory services, pharmacy services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, psycho-social services and ambulance services

(b) Principal Activities

The principal mandate of the hospital is to offer high quality and affordable health care services to its citizens.

Vision

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

Mission

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

The core values are patient- centred / customer focused, partnership, professionalism, integrity and transparency, innovation and excellence and impartiality.

Hospital Mandate

1. Eliminate Communicable Diseases
2. Halt, and reverse the rising burden of Non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services
5. Reduction in incidence of injuries
6. Intersectoral collaboration

(c) Key Management

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

- County department of health services
- Hospital Management Committee
- Sub committees to the Hospital Management Committee
- Accounting Officer/ Medical Superintendent
- Hospital Management team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Blastus Kakundi
2.	Health Administrative Officer	Samson Mutwiwa
3.	Nursing Officer In charge	Patricia Mutinda
4.	Accountant	Michael Muange
5.	Procurement Officer	Alex Kavili

(e) Fiduciary Oversight Arrangements

- **Makueni County Assembly;** The County Assembly enacted the various legislation and performed the oversight required. They also reviewed the external audit reports and financial statements of the County Government as required by the law.
- **Controller of Budget (COB);** COB Provided the required guidelines in budget execution, through the county government and processed requisition for funds transferred to the hospital by Makueni county government department of health services and provided oversight in budget implementation.
- **National Treasury (NT);** The NT Processed exchequer funds received from Makueni county government, provided guide lines in preparation of hospital annual reports and financial statements.
- **Commission on Revenue Allocation (CRA);** CRA provided support in revenue allocation indirectly via Makueni County government and also undertook the County Credit Rating.
- **Makueni County Audit Committee;** The Committee supported the hospital by reviewing internal audit reports shared by our mother department of health services and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations. It also spearheaded preparation of the county risk management framework which was disseminated to the hospital.

- **Public Sector Accounting Standards Board;** The board developed the financial reporting templates and provided guidance on the accounting standards to be adopted by level 4 and 5 county hospital.
- **County health authority to incur expenditure committee.** The committee has been reviewing hospital budget implementation, hospital operations and pending bills report to ensure that funds received are accounted for, suppliers are paid in good time and the hospital continues to offer high quality health care services.
- **Development partners;** we worked with our development partners mainly Centre for health, educational and bio safety Kenya who supported HIV programmes and capacity building among the hospital staff.
- **Clinical Research and Standards Committee:** We have a functional clinical committee which meets on weekly basis to ensure adherence to quality care, mortality audits and other relevant clinical objectives. It assists the hospital in ensuring quality standards are adhered to, patient safety is ensured and medical errors are minimized.

The Committee responsibility is to:

- Review the weekly ward round reports
 - Review and re-prioritize the utilization of Hospital clinical resources
 - Set performance targets for clinical units
 - Review various research findings and related policy documents
 - Review clinical audit reports and follow-up on implementation of recommendations
- **Hospital management team:** Hospital management committee consists of departmental heads. It is chaired by the medical superintendent and the secretary is health administrative officer. The members meet on monthly basis to discuss, evaluate and strategize for the day to day running of the hospital. Members share the departmental reports, data analysis and the trends of utilization of services.

Key Entity Information and Management (continued)

- **Executive Expenditure committee**

This committee consists of the executive managers who meet on monthly basis to review the hospital expenditure and make budgets





The members are the medical superintendent as the chair, health administrative officer as the secretary then accountant, procurement, nursing manager and pharmacists as members.




(f) Kibwezi Sub County Hospital

P.O. Box 72-90137
Hospitals Building Kibwezi
Makueni, Kenya





- (g) Hospital Contacts**
Telephone: (+254) 753011483
E-mail: kibwezi.hospital@makueni.go.ke
Website: www.kibwezisubcountyhospital.go.ke
- (h) Hospital Bankers**
Kenya Commercial Bank
Kibwezi branch
- (i) Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) County Attorney**
P.O. Box 78-90300
MAKUENI, Kenya


3. The Hospital management committee

Ref	Directors	Details
1.	Peter Muia Nthenga- Chairman 	Aged 75 years. He is the chairman of the hospital management committee. He holds Diploma in Clinical medicine from KMTC Machakos. He has over 20 years of experience working as a clinical officer.
2.	Regina Mueni Kithua- Member 	Aged 72 years. She is a member of the hospital management committee. She holds diploma in nursing in from KMTC Machakos. Regina has worked at Porteiz hospital in Mombasa for over 15 years as a nurse.
3.	Sylvester Muendo Kilungya- Member 	Aged 30 years. He is a member of the hospital management committee representing the youth. He holds Bachelor degree in agriculture and economics and resource management from Moi University. Currently he is working with world Agro Forest with over 3 years of experience in agribusiness
4.	Nicholas Musyoki Wambua- Member 	Aged 43 years. He is a member of the hospital management committee representing religious groups. He holds diploma in theology. He has 4 years of experience working as a pastor.

5.	<p>Jedidah Katunge Joseph - Member</p> 	<p>Aged 33 years. She is a member of the hospital management committee. She holds diploma in education from Regional teacher's college and Bachelor of Education from Mount Kenya University. Currently she is working as a high school teacher.</p>
6.	<p>Dr. Blastus kakundi- Secretary</p> 	<p>Aged 39 years. He is secretary to the Health management committee. He holds bachelor of medicine and surgery from University of Nairobi. He has over 10 years practising as a medical doctor at Mbooni and Kibwezi Sub County Hospitals.</p>
7.	<p>Thomas Tuta- Member</p> 	<p>He is a member of the hospital management committee. He holds a Bachelor degree in project management and planning and Masters in project management and planning from University of Nairobi. He is the sub county administrator Kibwezi East Sub County.</p>

4. Key Management Team

Ref	Management	Details
1.	<p>Dr. Blastus Kakundi</p> 	<p>Aged 39 years. He is secretary to the Health Management Committee. He holds bachelor of medicine and surgery from University of Nairobi. He has over 10 years practising as a medical doctor at Mbooni and Kibwezi Sub County Hospitals.</p>
2.	<p>Samson Mutwiwa</p> 	<p>He is the Hospital Administrative Officer. He holds a bachelor of Arts in Economics. He has a wide experience of over 20 years as the Health Administrative Officer in various hospitals.</p>
3.	<p>Patricia Mutinda</p> 	<p>Aged 45 years. Patricia Mutinda is the Nursing Officer in charge. She holds diploma in community health nursing from KMTC Nairobi and has over 6 years of experience working as nursing officer in charge.</p>
4.	<p>Alex Kavili</p> 	<p>Aged 31 years. Alex Kavili is the procurement officer Kibwezi Sub County Hospital. He holds Bachelor Degree in procurement from Mount Kenya University and has over 5 years of experience working as a procurement officer.</p>

5.	<p>Michael Muange</p> 	<p>He is the hospital accountant. He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK), with a Master of Science degree in Finance and Accounting and bachelor's degree in Finance. He has 15 years' experience in Accounting and Financial management in both Private and public sector.</p>
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5. Chairman's Statement

It is my pleasure to present the annual report and the financial statement of Kibwezi Sub County Hospital for the year ended 30th June 2023. The Hospital is committed to providing timely, cost effective and client centred health care service to the citizens. Amid the challenges faced in the financial year 2022/2023, the hospital has remained resilient and successful while delivering on its core mandate. I extend my appreciation to the management team and staff of Kibwezi Sub County Hospital for their commitment, diligence and dedication that ensured the highest quality service delivery and improved performance this financial year

Challenges faced by the hospital within the year that hampered effective performance included; the grounding of two (2) ambulances which increased the turnover time of handling referral cases. The hospital had insufficient biochemistry reagents owing to their cost making it impracticable to deal with some patient cases. The hospital experiences shortages of non-pharmaceuticals, poor infrastructure and limited space for expansion.

Despite the challenges faced, the hospital demonstrated some improvement on collection of own source revenue. This will be explained in detail by the Medical superintendent.

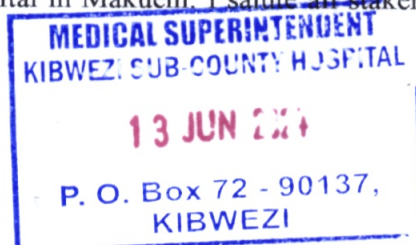
Kibwezi sub county hospital serves a large population and the challenges need to be addressed appropriately so that the patients' needs are met. This include ensuring timely procurement of enough pharmaceuticals and non-pharmaceuticals for better service delivery and recruitment and deployment of more staff to the hospital.

I am confident that as a team, our commitment and dedication will make Kibwezi Sub County Hospital be the best Sub County Hospital in Makueni. I salute all stakeholders for their hard work to transform the hospital to be the best.

Peter Nthenga

Peter Nthenga

Chairman-Board of Management- Kibwezi Sub County Hospital



6. Report of The Medical Superintendent

The financial year 2022/2023 has seen Kibwezi Sub County Hospital experience continuous improvement in service delivery and maintenance of the hospital transformational agenda. The hospital maintained a steady growth throughout the year through efforts of the Management team and the hospital staff. The team has overtime embraced a commendable team work spirit. Kibwezi Sub County hospital was given an award for the nurse led initiative of the year in Makueni County and also an award and the most improved facility in maternal health

The hospital managed to achieve its goals for the year which included; the upgrade of a cashless system and the operation of the pediatric ward which led to a reduction of patient congestion in maternity ward. The cashless system and the automated collection system have helped increase the hospital revenue collections.

The hospital has three main sources of revenue namely, Facility Improvement Fund (FIF), Universal Health Care and NHIF.

F.I.F is money paid by patients by cash after getting services at the facility.

For the period ending 30th June 2021, the facility collected KES 3,085,728. The money rose to KES 7,743,891 in the year ending to 30th June 2022. The collection further increased to KES 9,771,791 in the year ending 30th June 2023. The upward trend is a result of increasing workload in the years.

NHIF funds are monies paid by NHIF for services provided to NHIF patients by the facility. For the period ending 30th June 2021, the facility was paid KES 5,766,358. The money increased to KES 19,081,890 in the same period ending 30th June 2022. The increment was attributed to payment of amount owed in the financial year 2020-21. In the financial year 2022-23, the amount paid by NHIF slightly declined to KES 17,020,450. This can be explained by payment patterns in NHIF.

UHC funds are money paid by the county government of Makueni for services provided to UHC patients. KES 15,400,000 was paid in the financial year 2020-2021. In the following year 2021-2022, KES 15,700,000 was also provided by the county government. In the financial year 2022-2023, KES 10,005,000 was provided by the county government.

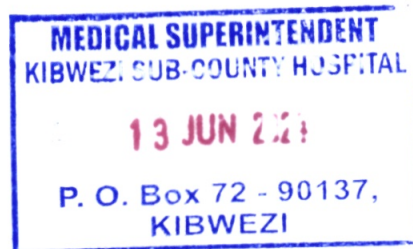
Other achievements include;

- Converting cooking energy from charcoal to gas
- Purchase of extra 3 oxygen cylinders of 11.5kg
- Partitioning the records room and creating an archive store
- Freeing space in a building near the gate to be renovated for service delivery
- Partnering with donors to renovate/extend the non-pharmaceutical store and creating a breastfeeding hub
- Erecting a wall around the waste segregation area with an aim of erecting a perimeter wall around the facility

- Partnered with AIDs Foundation to renovate comprehensive care rooms and construct a waiting bay for TB/HIV clients
- Purchase of an autoclave machine for theatre
- Received an award for good performance in ANC attendance as the sub county got six awards for excellent performance in skilled birth attendance, immunization and ANC attendance
- Received a resident gynecologist at the hospital
- Holding a weekly audit in maternity and general wards to improve on quality care
- Conducting a successful deworming exercise
- Conducting a monthly integrated outreach at Ndauni
- Improved workloads in all service delivery points
- Motivation of staff through a staff party and part payments of long-standing locum claims

Besides the great achievements by the hospital, we faced a myriad of challenges including:

- Frequent blockages on the sewer system
- Under staffing in all the departments leading to a ballooning wage bill
- Increased waiver requests
- Inadequate infrastructure due to constrained space
- Poor hospital terrain
- Increased cases of children admitted with gum cutting complications
- Increased cases of defilement
- Invasion by monkeys and baboons to the hospital compound leading to damages and soiling within the compounds
- Poor design of the pediatric ward
- Stock outs of biochemistry reagents
- Shortages of non-pharmaceuticals and drugs



ALLC

Dr Blastus Kakundi
Medical Superintendent- Kibwezi Sub County Hospital

7. Statement of Performance Against Predetermined Objectives

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

Kibwezi sub-county hospital has six strategic pillars and objectives within the current Strategic Plan for the FY 2022- 2023. These strategic pillars are as follows;

- a) Reduce communicable conditions
- b) Stop and reverse the rising burden of non-communicable conditions
- c) Minimize exposure to health risk factors
- d) Provide essential health services
- e) Reduction in incidence of injuries
- f) Inter-sectoral collaboration

Kibwezi sub-county hospital develops its annual work plans based on the above pillars and from its strategic plan. The hospital achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Reduce communicable conditions	Reducing transmission of HIV.	The hospital commits to reduce new HIV/AIDS infections	Scaling up HIV testing and counselling services in sultan hospital	98% achievement
	Reducing transmission of TB	Early identification of 160 new TB patients	Early identification of 160 new TB patients	90% achievement
Stop and reverse the rising burden of non-communicable conditions	Prevention of Alcohol and Drug Abuse	Reach out to 3,000 people through counselling services 2.Mainstream counselling	Community mobilization and sensitization	99% achievement

		intervention in all departments		
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment Sensitizing managers to carry out the assessment	100% achievement
Provide essential health services	Reducing average length of hospital stay Reducing facility based maternal mortality rate	The hospital commits to reduce the average length of hospital stay from 5.2 days to 3 The hospital commits to reduce facility maternal mortality rate from 1 to 0 persons through strengthening MPDSR by ensuring:	Preparing hygiene protocols for all wards Holding monthly mortality audits Monthly reporting from the hospital committees	100% achievement 100% Monthly reports done

8. Corporate Governance Statement

Kibwezi Sub County Hospital is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes. This has resulted to delivery of sustainable value to the various stakeholders. We believe that our day to day operations should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financial performance as well as provide the leadership and effective

governance for the hospital. The main corporate governance structures and practices that guide the Management committee are as discussed below;

The Kibwezi Sub County Hospital Management Committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards and best practices of corporate governance and ethics. The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct daily operations of the hospital in accordance with generally accepted corporate practices. The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Management Committee is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility to all the stakeholders. The Committee has also adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Committees Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment. The Committee provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

The Kibwezi Sub County Hospital Management Committee comprises of nine (9) members. Six (6) members of the committee are independent Non-Executive including the Chairman, all drawn from the private sector. The remaining three (3) members represent the following institutions –Medical Superintendent who is the Secretary, and Sub County Administrator and Deputy County Commissioner. The seven committee members are appointed through public participation and gazetted by the Executive Member for Health to serve for a maximum of two terms of three (3) years.

The management committee has 2 sub committees

A) Finance and general-purpose audit committee

The committee is responsible for governance on financial matters and reviews budgets and expenditures incurred by the executive expenditure committee before submitting the same to the hospital management committee

B) Primary health committee/Quality of health committee

This committee ensures that community interests are well taken care of at the hospital.

It Identifies achievements and challenges at the facility and makes recommendations on the way forward to the Hospital Management committee

9. Management Discussion and Analysis

Section A

The entity's operational and financial performance

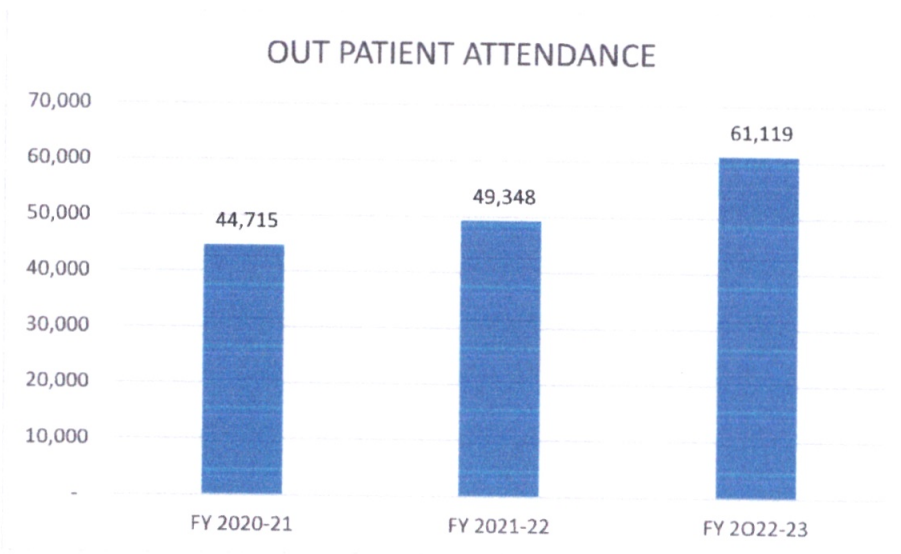
Kibwezi Sub County Hospital is concerned with two broad aspects namely operational/clinical performance and financial performance. These two aspects determine the state of the hospital. Clinical performance is concerned with aspects like the bed capacity, Outpatient, inpatient and special clinics attendance, Average length of stay, bed occupancy, and mortality rate and theatre utilization. Financial performance is concerned with the revenues collected by the hospital to carry out its day to day mandate. The different aspects are discussed below.

i. Clinical/operational performance

a) Outpatient, inpatient and special clinics attendance

Outpatient attendance

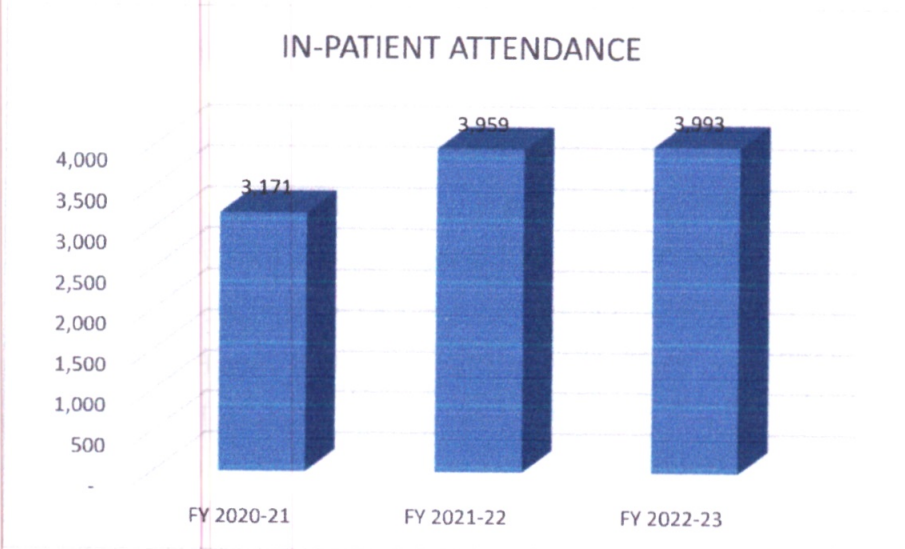
In the period ending 30th June 2021 the outpatient recorded 44,715 patients. The number increased to 49,348 patients in the period ending 30th June 2022. In the period ending 30 June 2023 the outpatient attendance decreased to 61,119. The increasing trend could be attributed to expansion of the facility and also introduction of specialised treatment in the facility.



Inpatient attendance

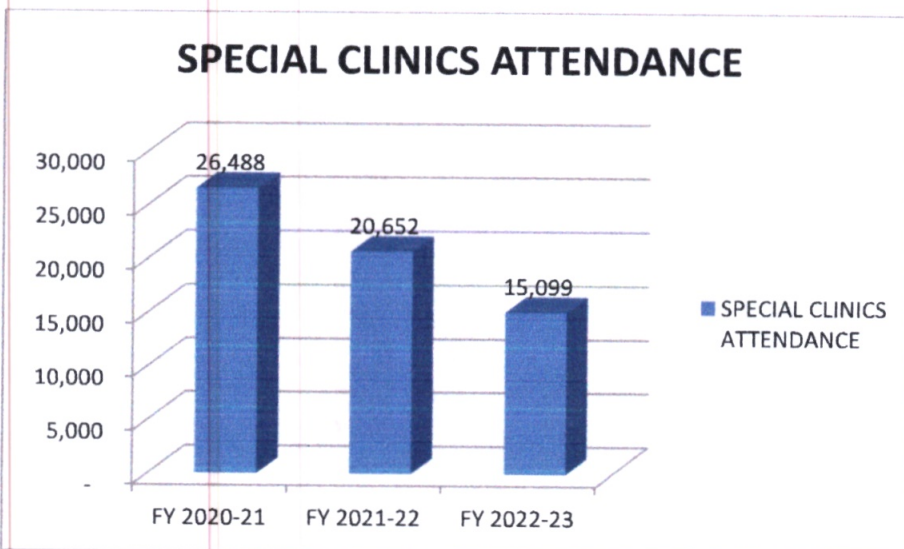
In the period ending 30th June 2021 the inpatient recorded 3,171 patients. The number increased to 3,959 patients in the period ending 30th June 2022. In the period ending 30th June 2023 the outpatient attendance

also increased to 3,993. The data demonstrates an upward trend attributed to increased workload due to increased range of services including surgical operations and attractive services due to improved quality



Special Clinics

The special clinics attained 26,488 patients in the period ending 30th June 2021. In the period ending 30th June 2022, the number decreased to 20,652. The number further decreased to 15,055 in the financial year 2022-2023. This could be attributed to the opening and expansion of Kambu, Mtito Andei and Nthongoni Sub-County Hospitals who accommodated some patients who previously came to Kibwezi.



ii) Financial performance

a) Revenue Sources

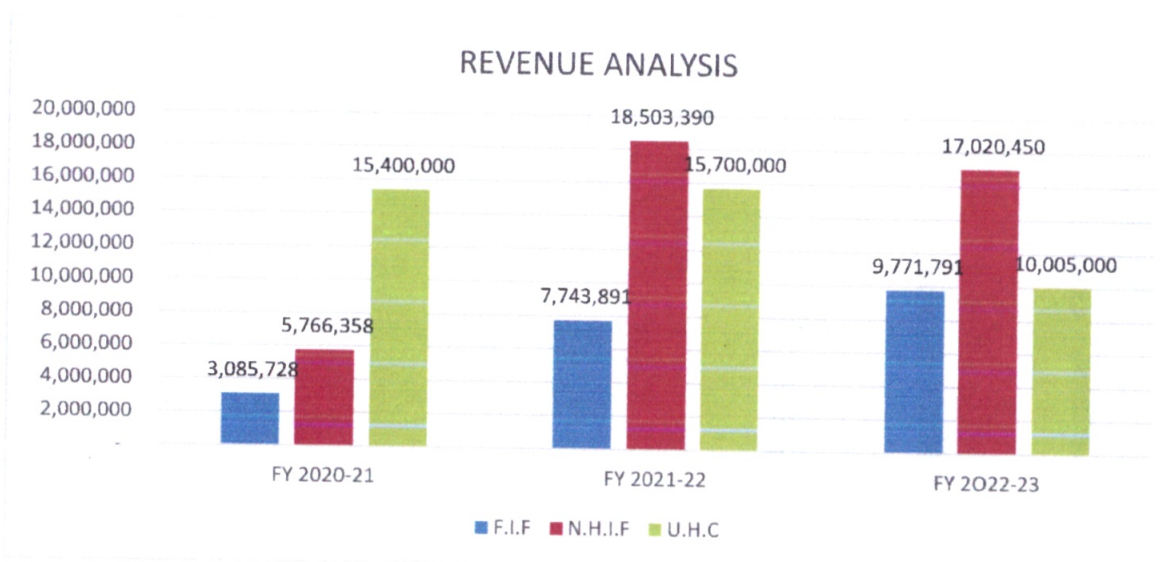
The hospital has three main sources of revenue namely, Facility Improvement Fund (FIF), Universal Health Care and NHIF.

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Section B

Entity's compliance with statutory requirements

The hospital has complied with all its statutory obligations which include payment of both NSSF and NHIF for its employees.

Section C

Key projects and investment decisions the entity is planning/implementing.

- To construct a lagoon and change the piping system for the sewer
- Grading the hospital terrain then do landscaping
- Erect a perimeter wall and fix laser wire to eliminate the monkey menace
- Install a records and financial management systems. This will enhance service delivery and also improve on financial management systems.
- Renovation of drug store
- Face-lifting the hospital buildings through painting
- Installation of solar system
- Renovation and equipping of rehabilitation unit
- Establish a dental unit in the hospital

Section D

Major risks facing the entity

The hospital could be facing a serious liquidity risk if NHIF does not reimburse the total of KES 10,961,110 owed to them. This is money emanating from services offered to NHIF Patients by the hospital.

Section E

Material arrears in statutory/financial obligations

The hospital does not have arrears on its statutory obligations

Section F

The entity's financial probity and serious governance issues

The facility ensures compliance to all financial regulations as stipulated in the relevant Acts. This includes adherence to the procurement Act and the finance Act and public finance and management Act. The facility is having staff shortage in almost all departments that should be addressed

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

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

The facility has partnered with the neighbouring secondary schools encourage them to refer students for treatment at the hospital to increase on revenue generated through Edu Afya NHIF scheme

Community health promoters have also been engaged to sensitize community members to register with NHIF and select the facility as their out-patient treatment site

Reaching out to donors as a way of mobilizing funds for development

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through consumption of electricity and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible.

Installation of a solar system will greatly reduce of electricity consumption leading to environmental preservation

Planting of more trees within the hospital compound to increase the vegetation cover

iii) Employee welfare

The employment of employees is done and on job training offered to the staff. Frequent meetings to train and guide them on infections and necessary prevention measures are held. Focus to employ from the nearby community as a way of giving back to community is considered. The focus of attracting and utilizing talent in a challenging healthcare market continues to be our most concern. Kibwezi sub county hospital management has focused on creating conducive work environment in order to attract, train and retain workers to minimize on under utilization of the human capital resource. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of training's, supporting conference attendance and payment of locums.

The facility has also initiated debriefing sessions for staff through a psychologist. Plans to upgrade rehabilitation unit into a well being centre are underway to allow employees work out after work.

iv) Market place practices-

Kibwezi sub county hospital has made efforts to support market place practices;

a) Responsible competition practice.

The hospital ensures all the clients are given receipt for any money paid and are given services they have paid for.

Competitive procurement adhered to.

b) Responsible Supply chain and supplier relations

The hospital adopts a fair pre-qualification practise where all interested stakeholders who need to trade with the hospital are required to submit their company documents every 2 years for pre-qualification. Those who meet the needed criteria are shortlisted and send for quotations whenever there is need to procure. The best evaluated is then granted the opportunity to supply the goods.

c) Responsible marketing and advertisement

Kibwezi sub county hospital has mostly concentrated on creating awareness of the service offered through service charters, community support and organizing for outreaches. When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective

d) Product stewardship

Kibwezi sub county hospital has displayed a service charter on all the service offered to assist in improving on efficiency and effective on service delivery. Patients are provided with receipts as a proof of the service offered

v) Corporate Social Responsibility / Community Engagements

Kibwezi sub county hospital seeks to impact lives through corporate social responsibility initiatives. The initiatives are aimed at improving lives and enhance engagement with the public. The hospital held Maternity open day meetings where over 500 mothers attended and were educated on breast feeding, hygiene practise, given pampers, lessos, sodas and bread as a way of giving back to the community.

A monthly integrated outreach is conducted at Ndauni where health services are provided to the community

11. Report of Board of Management Committee

The committee members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of Kibwezi Sub County Hospital affairs. The committee acts as a bridge between the community and the hospital. We articulate health issues to the community in a way they can understand. The committee meets on a quarterly basis to review performance, primary health care and budgeting. We also approve departmental work plans developed by the heads of departments. These work plans are derived from the annual work plans of the facility.

For the period ending 30th June 2021, the facility collected KES 3,085,728. The money rose to KES 7,743,891 in the year ending to 30th June 2022. The collection further increased to KES 9,771,791 in the year ending 30th June 2023. The upward trend is a result of increasing workload in the years.

NHIF funds are monies paid by NHIF for services provided to NHIF patients by the facility. For the period ending 30th June 2021, the facility was paid KES 5,766,358. The money increased to KES 19,081,890 in the same period ending 30th June 2022. The increment was attributed to payment of amount owed in the financial year 2020-21. In the financial year 2022-23, the amount paid by NHIF slightly declined to KES 17,020,450. This can be explained by payment patterns in NHIF.

UHC funds are money paid by the county government of Makueni for services provided to UHC patients. KES 15,400,000 was paid in the financial year 2020-2021. In the following year 2021-2022, KES 15,700,000 was also provided by the county government. In the financial year 2022-2023, KES 10,005,000 was provided by the county government.

The facility faces limited space to accommodate both the administrative and clinical services. In most offices, there is sharing and no privacy. This situation is worse in the outpatient department where there is over-crowding, lack of enough consultation rooms, limited space for medicals records and congestion in the wards. Underfunding and delayed disbursement of funds has affected the day-to-day operations of the hospital. The major expenditures in facility include but not limited to payment of salaries, buying of pharmaceuticals, Non pharmaceuticals, Dental and medical equipment, medical gases, maintenance of plant building and equipment, casual and contracted professional wages, water and sewerage, bedding and linen, laboratory reagents, food and ration, sanitary and cleansing, fuel for transport and production, publishing printing and general office supplies among others.

Having grown from a Health Centre to a level 4 facility, additional staff including medical specialist are required to ensure effective service provision. The limited staff are currently facing burnout and

demotivation, therefore staff motivation activities like team building, locums, bench marking, awarding best performing staff and end year parties will come in handy.

Principal activities

Kibwezi sub county hospital offers; general outpatient and in-patient services, medical/surgical/paediatric and gynaecological outpatient clinics, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, physiotherapy services, psychology services, ambulance services and teaching /attachment for medical students.

Results

The results of the hospital for the year ended June 30 are set out on page 21-39

Hospital Management committee

The members of the committee who served during the year are shown on page. 7 &10

Auditors

The Auditor General is responsible for the statutory audit of the Kibwezi Sub County Hospital in accordance with Article 229 of the Constitution of Kenya

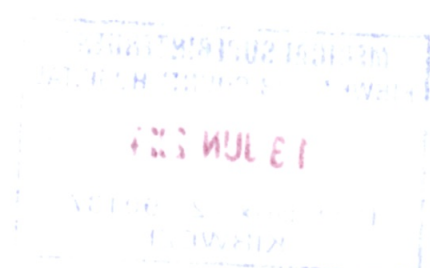
By order of the committee



Dr Blastus Kakundi

Management committee secretary-Kibwezi Sub County Hospital

MEDICAL SUPERINTENDENT
KIBWEZI SUB-COUNTY HOSPITAL
13 JUN 2023
P. O. Box 72 - 90137,
KIBWEZI



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

The Management committee is responsible for the preparation and presentation of the Kibwezi sub county hospital 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 period ended on June 30th June, 2023.

This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Kibwezi sub county hospital
- (v) selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

Nothing has come to the attention of the management committee to indicate that the Kibwezi Sub County hospital will not remain operational for at least the next twelve months from the date of this statement.

Approval of the financial statements

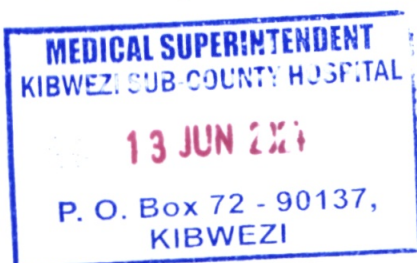
The Hospital's financial statements were approved by the Committee on 13/06/24 and signed on its behalf by:

Peter Nthenga

Peter Nthenga
Chairperson
Hospital Management Committee

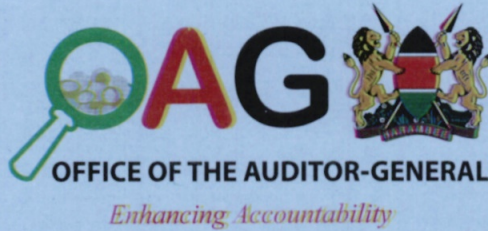
Dr Blastus kakundi

Dr Blastus kakundi
Accounting Officer



REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kibwezi Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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

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

Basis for Qualified Opinion

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

The statement of financial performance reflects employee costs of Kshs.14,392,490 for casuals and contractual staff as disclosed in Note 14 to the financial statements. The Hospital also received services from medical staff employed and paid for by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.14,392,490 could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.625,528 as disclosed in Note 29 to the financial statements. However, the facility had movable and non-movable assets of undetermined value relating to land, buildings, furniture and fittings, motor vehicles and computers which were neither valued nor disclosed in financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.625,528 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Poor State of the Hospital Infrastructure

Physical inspection of the Hospital's facilities in the month of April, 2024 revealed that the Hospital did not have a theatre operating room, which is critical for the achievement of universal health coverage. Further, the functional X-ray machine is analogue which uses films which have been rendered obsolete by technology and may not be readily available in the market. The Hospital had no mortuary resulting to dependency on Kambu Level 4 Hospital and other private facilities within its environs. Further, a number of hospital buildings and the staff quarters are old, dilapidated and require major facelift particularly the general ward and the pediatric ward which have leaking roofs and poses health and environmental hazards in the service delivery.

In the circumstances, the provision of Universal Health Coverage as envisaged could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.9,771,791 in relation to the rendering of services - medical income as disclosed in Note 9 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor General. This was contrary to Regulations 64 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of forty-two (42) or 42% of the 101 authorized establishment.

Personnel	Level 4 Standard	Actual Numbers	Variance	Percent age %
Medical Officers	16	5	11	69
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	1	1	50
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	53	22	29
Total	101	59	42	42

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

Services	Required	Available	Variance	Percentage %
Incubators (New Born)	5	1	4	80
Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machine	5	0	5	100
Functional Operating Theatres Maternity and General Surgeries	2	1	1	50

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

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

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.16,986,850 as disclosed in Note 32 to the financial statements. This related to general suppliers of goods and services, and pharmaceutical items. However,

Kshs.8,247,714 of the balance, had been outstanding for more than one year. This was Contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Incomplete Fixed Assets Register

The summary fixed assets register for the year under review did not reflect all the assets like land, buildings, motor vehicles, motor cycles owned by the hospital and their value as at 30 June, 2023. Further, the register in some instances did not reflect the values, tag numbers among other details as required by the Public Sector Accounting Standards Board template. This was contrary to Regulations 136(1) of the Public Finance Management (County Governments) Regulations, 2015 that states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws; and Regulation 136(2) which states that the register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In the circumstances, the effectiveness of the asset management controls at the Hospital could not be confirmed.

2. Lack of Risk Management Policy

During the year under review, Management did not put in place a risk management policy to guide its risk assessment formulation of risk mitigation strategies. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments)

Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended.

3. Lack of Internal Audit Function

Review of the Hospital's governance system revealed that the Hospital did not have an Internal Audit Unit but relied on the services of the County Executive Internal Audit. However, there was no evidence of internal audit reports in the year ended 30 June, 2023. In addition, there was no internal audit committee in place. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires County Government entities to establish an audit committee in accordance with prescribed regulations

In the circumstances, oversight and follow up of the audit recommendations could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 June, 2024

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


Description	Note	Financial year 2022-2023	Financial year 2021- 2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	10,005,000	15,700,000
In- kind contributions from the County Government	23	5,287,680	2,018,623
Grants from donors and development partners	8	-	-
Transfers from other Government entities		-	-
Public contributions and donations	10	-	-
		15,292,680	17,718,623
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	9,771,791	7,743,891
Revenue from rent of facilities		-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	12	30,707,460	25,243,717
Revenue from exchange transactions		40,479,251	32,987,608
Total revenue		55,771,931	50,706,231
Expenses			
Medical/Clinical costs	13	27,162,902	16,636,630
Employee costs	14	14,392,490	10,605,546
Board of Management Expenses	15	245,000	300,000
Depreciation and amortization expense	16	152,139	53,333
Repairs and maintenance	17	3,609,690	3,280,560
Grants and subsidies	20	-	
In- kind contributions from the County Government		5,287,680	2,018,623
General expenses	19	10,209,336	5,158,787
Finance costs	22	-	-
Total expenses		61,059,237	38,053,479

Kibwezi Sub-County Hospital (Makueni County Government)
Annual Report and Financial Statements for the Period Ended 30th June, 2023


Description	Note	Financial year 2022-2023	Financial year 2021-2022
		Kshs	Kshs
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets		-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	23	(2,194,354)	(2,135,812)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(2,194,354)	(2,135,812)
Net Surplus / (Deficit) for the year		(7,481,660)	10,516,940

(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 13/06/23 and signed on its behalf by:

Fa


PETER NTHENGA
 Chairman



MICHAEL MUANGE
 Head of Finance



DR KAKUNDI
 Medical Superintendent



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

Description	Note	Financial year 2022-2023	Financial year 2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	6,413,303	8,388,084
Receivables from exchange transactions	26	10,961,110	4,026,015
Receivables from non-exchange transactions	29	-	-
Inventories	28	665,005	2,592,838
Total Current Assets		18,039,418	15,006,937
Non-current assets			
Property, plant, and equipment	29	625,528	106,667
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		625,528	106,667
Total assets		18,664,946	15,113,604
Liabilities			
Current liabilities			
Trade and other payables	32	16,986,850	8,247,714
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		16,986,850	8,247,714
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	-	-

Kibwezi Sub-County Hospital (Makueni County Government)
Annual Report and Financial Statements for the Period Ended 30th June, 2023

Description	Note	Financial year 2022-2023	Financial year 2021-2022
		Kshs	Kshs
Social Benefits	41	-	-
Total Non-current liabilities			
Total Liabilities		16,986,850	8,247,714
Net assets		1,678,096	6,865,890
Revaluation reserve		-	-
Accumulated surplus/Deficit		5,039,106	12,520,766
Capital Fund		(3,361,010)	(5,654,876)
		-	-
Total Net Assets and Liabilities		1,678,096	6,865,890

(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 13/06/24 and signed on its behalf by:

FN

PETER NTHENGA
 Chairman
 Board of Management

Michael Muange

MICHAEL MUANGE
 Head of Finance
 ICPAK No: 8331

DR KAKUNDI

DR KAKUNDI
 Medical Superintendent

ICPAK No: 8331

MEDICAL SUPERINTENDENT
KIBWEZI SUB-COUNTY HOSPITAL
13 JUN 2024
 P. O. Box 72 - 90137,
 KIBWEZI

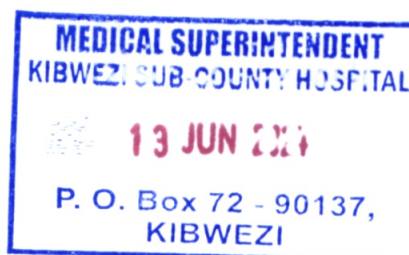
16. Statement of Changes in Net Asset for The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021	-	2,003,826	2,756,176	4,760,002
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	10,516,940	(5,654,876)	4,862,064
Capital/Development grants	-	-	-	-
As at June 30, 2022	-	12,520,766	(2,898,700)	9,622,066
At July 1, 2022	-	12,520,766	(2,898,700)	9,622,066
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(7,481,660)	(3,361,010)	(10,842,670)
Capital/Development grants	-	-	-	-
At June 30, 2023	-	5,039,106	(6,259,710)	(2,220,604)

Peter Nthenga
 PETER NTHENGA
 Chairman
 Board of Management

Michael Muange
 MICHAEL MUANGE
 Head of Finance
 ICPAK No:8331

Dr. Kakundi
 DR KAKUNDI
 Medical Superintendent



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

Description	Note	Financial year 2022-2023	Financial year 2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		10,005,000	15,700,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		9,771,791	7,743,891
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		17,551,996	19,081,890
Total Receipts		37,328,787	42,525,781
Payments			
Medical/Clinical costs		15,172,506	16,636,630
Employee costs		13,089,290	10,605,546
Board of Management Expenses		245,000	300,000
Repairs and maintenance		1,767,916	3,280,560
Grants and subsidies		-	-
General expenses		8,572,856	5,158,787
Finance costs		-	-
Refunds paid out		-	-
Total Payments		38,847,568	35,981,523
Net cash flows from operating activities	41	(1,518,781)	6,544,258
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		(456,000)	(160,000)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		(456,000)	(160,000)
Net cash flows used in investing activities		-	-
Cash flows from financing activities			

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Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,974,781)	6,384,258
Cash and cash equivalents as at 1 July	27	8,388,084	2,003,826
Cash and cash equivalents as at 30 June	27	6,413,303	8,388,084

Peter Nthenga
 PETER NTHENGA
 Chairman
 Board of Management

Michael Muange
 MICHAEL MUANGE
 Head of Finance
 ICPAK No:8331

Dr. Kakundi
 DR KAKUNDI
 Medical Superintendent



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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	10,005,000	0	10,005,000	10,005,000	0	100%
Grants from donors and development partners	-	0	-	-	0	%
Transfers from other Government entities	-	0	-	-	0	%
Public contributions and donations	-	0	-	-	0	%
Rendering of services- Medical Service Income	9,771,791	0	9,771,791	9,771,791	0	100%
Revenue from rent of facilities	-	0	-	-	0	%
Finance / interest income	-	0	-	-	0	%
Miscellaneous receipts (<i>specify</i>)	17,551,996	0	17,551,996	17,551,996	0	100%
Total income	37,328,787	-	37,328,787	37,328,787	-	100%
Expenses						%
Medical/Clinical costs	15,172,506	0	15,172,506	15,172,506	0	100%
Employee costs	13,089,290	0	13,089,290	13,089,290	0	100%
Remuneration of directors	245,000	0	245,000	245,000	0	100%
Repairs and maintenance	1,767,916	0	1,767,916	1,767,916	0	100%
Grants and subsidies	-	0	-	-		
General expenses	8,572,856	0	8,572,856	8,572,856	0	100%
Finance costs	-	0	-	-		
Refunds	-	0	-	-		
Total Expenses	38,847,568	-	38,847,568	38,847,568	0	100%
Surplus for the period				(1,518,781)		
Capital expenditure				456,000		

Budget notes

- 1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% 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.)*

:

19. Notes to the Financial Statements

1. General Information

Kibwezi sub county hospital is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is provision of 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 *entity's* accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*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.

1. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact
	<p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires: -</p> <ul style="list-style-type: none"> <i>i.</i> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <i>ii.</i> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

2. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by management committee on **July 2021**. 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 -x on the FY 2022/2023 budget following the committee 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 on page - under section - of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

3. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

4. Transfers from the County Government

Description	Financial year 2022-2023	Financial year 2021-2022
	KShs	KShs
Unconditional grants		
Operational grant	10,005,000	15,700,000
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	10,005,000	15,700,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Makueni County Government	10,005,000	-	-	10,005,000	15,700,000
Total	10,005,000	-	-	10,005,000	15,700,000

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix -).

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

Notes to Financial Statements Continued

5. In Kind Contributions from The County Government

Description	Financial year 2022-2023	Financial year 2021-2022
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	5,287,680	2,018,623
Utility bills	-	-
Total grants in kind	5,287,680	2,018,623

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

6. Grants From Donors and Development Partners

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

(Provide brief explanation for this revenue)

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

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

Notes to Financial Statements Continued

7. Transfers From Other Government Entities

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from - National Hospital	-	-
Transfer from - Institute	-	-
Total Transfers	-	-

8. Public Contributions and Donations

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

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Pharmaceuticals	1,801,145	1,963,913
Non-Pharmaceuticals		
Laboratory	2,057,813	1,423,878
Radiology	1,796,150	1,029,519
Orthopedic and Trauma Technology	610,040	380,690
Theatre	357,170	326,000
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	9,300	8,900
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income (<i>ward fee, theatre, clinics, physiotherapy</i>)	3,140,173	2,610,991
Total revenue from the rendering of services	9,771,791	7,743,891

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

10. Revenue From Rent of Facilities

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

11. Finance /Interest Income

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

(Provide brief explanation for this revenue)

12. Miscellaneous Income

Description	Financial year 2022-2023	Financial year 2021-2022
	KShs	KShs
Insurance recoveries (NHIF)	17,020,450	18,503,390
Insurance recoveries (Makueni UHC Registration)	496,000	578,500
Direct customer deposits	35,546	-
Sale of goods (water, publications, containers etc)	-	-
Revenue waived or exempted during the year	2,194,354	2,135,812
Receivables from exchange transactions	-	-
<i>Others (Specify)</i>	10,961,110	4,026,015
Total Miscellaneous income	30,707,460	25,243,717

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

Notes to the Financial Statements (Continued)

13. Medical/ Clinical Costs

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Dental costs/ materials		1,835,745
Laboratory chemicals and reagents	2,699,657	
Purchase of Bedding and Linen	-	-
Food and Ration	7,759,337	4,119,155
Uniform, clothing, and linen	139,600	-
Dressing and Non-Pharmaceuticals	9,364,540	2,678,950
Pharmaceutical supplies	3,983,640	1,549,910
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	1,399,770	1,402,700
Purchase of Medical gases	148,588	353,560
X-Ray/Radiology supplies	1,667,770	1,599,760
Other medical related clinical costs (<i>specify</i>)		3,096,850
Total medical/ clinical costs	27,162,902	16,636,630

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

14. Employee Costs

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Salaries, wages, and allowances	11,193,134	8,922,746
Contributions to pension schemes	456,756	202,800
Contracted employees		-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs - <i>Locum</i>	2,742,600	1,480,000
Employee costs	14,392,490	10,605,546

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

Notes to the Financial Statements (Continued)

15. Board of Management Expenses

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	245,000	152,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	148,000
Airtime allowances	-	-
Total	245,000	300,000

16. Depreciation and Amortization Expense

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Property, plant and equipment	152,139	53,333
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	152,139	53,333

17. Repairs And Maintenance

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Property- Buildings	555,770	1,758,560
Medical equipment	632,944	510,000
Plant, Machinery and Equipment	851,594	-
Furniture and fittings	5,000	180,000
Computers and accessories	1,127,692	792,000
Motor vehicle expenses	436,690	40,000
Maintenance of civil works	-	-
Total repairs and maintenance	3,609,690	3,280,560

Notes to the Financial Statements (Continued)

18. Grants And Subsidies

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

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

19. General Expenses

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Advertising and publicity expenses		35,000
Catering expenses	596,491	1,039,663
Purchase of house holds	167,850	
Purchase of electrical and electronics	312,800	
Refined Fuels & Lubricants for production	750,000	
Bank charges	38,206	143,143
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	582,759	789,000
Electricity expenses	-	-
Fuel and Lubricants	2,950,000	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	400,000	306,300
Daily Subsistence Allowance	487,680	-
Licenses and permits	-	-
Courier and postal services	-	19,090
Printing and stationery	-	1,644,635
Hire charges	-	-
General office Supplies-stationery	2,199,835	-
Water and sewerage costs	405,600	579,932

Description	Financial year 2022-2023	Financial year 2021-2022
	Kshs	Kshs
Skills development levies	-	-
Telephone and mobile phone services	165,317	359,630
Internet expenses	224,533	219,994
Staff training and development	-	-
Subscriptions to professional bodies	-	22,400
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Staff uniforms	18,500	-
Other fuels	909,765	-
Total General Expenses	10,209,336	5,158,787

20. Finance Costs

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

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

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

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

22. Unrealized Gain On Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

23. Medical Services Contracts Gains /Losses

Description	Financial year 2022-2023	Financial year 2021-2022
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(2,194,354)	(2,135,812)
Total Gain/Loss	(2,194,354)	(2,135,812)

24. Impairment Loss

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

25. Cash And Cash Equivalents

Description	Financial year 2022- 2023	Financial year 2021- 2022
	KShs	KShs
Current accounts	6,372,433	8,388,084
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Mobile money Hospital Pay bill NO. 4085339	40,870	-
Total cash and cash equivalents	6,413,303	8,388,084

(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		Financial year 2022-2023	Financial year 2021- 2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1147264864	6,367,059	8,375,457.40
Kenya Commercial bank	1147265178	5,374	12,626.50
Sub- total		6,372,433	8,388,084
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		40,870	-
Sub- total		-	-
Grand total		6,413,303	8,388,084

26. Receivables From Exchange Transactions

Description	Financial year 2022- 2023	Financial year 2021-2022
	KShs	KShs
Medical services receivables- NHIF	10,961,110	4,026,015
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	10,961,110	4,026,015

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

Analysis of Receivables From Exchange Transactions

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

27. Receivables From Non-Exchange Transactions

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

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

Analysis of Receivables From Non-Exchange Transactions

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

28. Inventories

Description	Financial year 2022- 2023	Financial year 2021- 2022
	KShs	KShs
Pharmaceutical supplies	-	498,130
Maintenance supplies	-	173,000
Food supplies	64,320	1,344,508
Linen and clothing supplies	-	98,000
Cleaning materials supplies	17,000	
Dressing and non-pharmaceuticals	543,185	
General supplies	40,500	479,200
Less: provision for impairment of stocks	-	-
Total	665,005	2,592,838

Kibwezi Sub-County Hospital (Makueni County Government)
Annual Report and Financial Statements for the Period Ended 30th June, 2023

Notes to the Financial Statements (Continued)

29. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	160,000	-	-	160,000
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	160,000	-	-	160,000
At 1 st July 2022	-	-	-	-	160,000	-	-	160,000
Additions	-	-	-	79,000	157,000	435,000	-	671,000
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	79,000	317,000	435,000	-	831,000
Depreciation and impairment								
At 1 July 2021	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	53,333	-	-	53,333
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	-	-	-	53,333	-	-	-

**Kibwezi Sub-County Hospital (Makueni County Government)
Annual Report and Financial Statements for the Period Ended 30th June, 2023**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 1st July 2022	-	-	-	-	53,333	-	-	53,333
Depreciation for the year	-	-	-	9,875	87,889	54,375	-	152,139
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	9,875	141,222	54,375	-	205,472
Net book values								
At 30th June 2022	-	-	-	-	106,667	-	-	106,667
At 30th June 2023	-	-	-	69,125	175,778	380,625	-	625,528

Notes to the Financial Statements (Continued)

30. Intangible Assets-Software

Description	Insert Current FY	Insert Comparative FY
	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	-	-

31. Investment Property

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

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Notes to the Financial Statements (Continued)

32. Trade and other Payables

Description	Financial year 2022-2023		Financial year 2021-2022	
	KShs		KShs	
Trade payables	16,986,850		8,247,714	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	16,986,850		8,247,714	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

33. Refundable Deposits from Customers/Patients

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

Notes to the Financial Statements (Continued)

34. Provisions

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

35. Finance Lease Obligation

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

36. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

Notes to the Financial Statements (Continued)

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

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

37. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

38. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
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	=	=

39. Social Benefit Liabilities

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

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

Notes to the Financial Statements (Continued)

40. Cash Generated from Operations

Surplus for the year before tax	Financial year 2022-2023	Financial year 2021-2022
	KShs	KShs
Surplus for the year before tax	(7,481,660)	10,516,940
Adjusted for:		
Depreciation	152,139	53,333
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	1,927,833	-
Increase in receivables	6,935,095	(4,026,015)
Increase in deferred income	-	-
Increase in payables	(3,052,188)	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	(1,518,781)	6,544,258

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

Notes to the Financial Statements (Continued)

41. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 20XX (current year)				
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)

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	-	-	-
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.

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	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	xx%	xx%

Notes to the Financial Statements (Continued)

42. Related Party Balances

Nature of related party relationships

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

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

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to -	-	-
Sales of services to -	-	-
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 - employees	-	-
Payments for goods and services for -	-	-
Total	-	-

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Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

43. Segment Information

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

44. Contingent Liabilities

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

(Give details)

45. Capital Commitments

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

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

46. Events after the Reporting Period

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

47. Ultimate and Holding Entity

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

48. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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

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Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Appendix III: 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 20XX 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 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 20XX				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accounts Department of the beneficiary entity:

Name SignDate

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Appendix IV Reporting of Climate Relevant Expenditures

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

XX Hospital (XX County Government)

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Appendix V: Disaster Expenditure Reporting Template

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

