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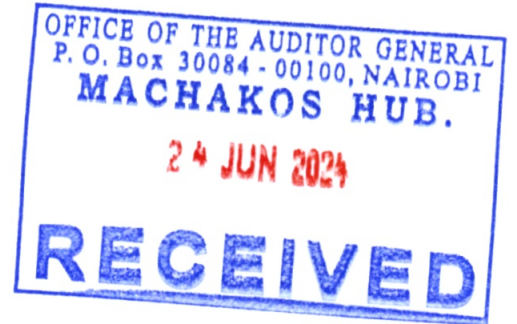
ON

TAWA SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF MAKUENI



**TAWA SUB-COUNTY Level 4 HOSPITAL
(MAKUENI County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

OFFICE OF THE ATTORNEY GENERAL
STATE OF NEW YORK
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I. Key Entity Information and Management

(a) Background information

Tawa sub county hospital is a level (4) hospital established under gazette notice number 3461 and is domiciled in Makueni County Government under department of Health Services. The hospital is governed by a Board of Management. It is located in kiteta sub-ward, Kiteta Kisau ward, Mbooni sub county, Makueni County. It was established as a dispensary in the year 1965 and later upgraded to a health Centre and afterwards to hospital. The facility serves a population of 15,730 and 3,150 households with a monthly workload estimated at 6,500. It serves residents of Makueni County and the neighbouring Kitui and Machakos counties. The hospital acts as a sub-county referral centre, receiving patients from various health centres within Mbooni sub county.

The facility has 48 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, paediatric outpatient clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services and teaching /training for KMTC students.

One of its competitive advantage and growth potential compared with the nearby health facilities namely Mbooni and Kisau sub county hospitals is the opening of Kenya medical training college (KMTC) Mbooni campus which neighbours the hospital. The campus will utilize the hospital for clinical teachings and practice. The facility is strategically located between Makueni county headquarters 'Wote town' and Machakos hence accessible to clients from both counties as well as neighbouring Kitui County.

(b) Principal Activities

The principal activity or mandate of the hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans.

Vision

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

Mission

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

Core Values

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

Strategic Objectives

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

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Leonard Cedric Makau
2.	Head of finance	Virginia Muthoni Kaleli
3.	Head of supply chain	Peter Mwangangi Mutevu
4.	Heath administrative officer	Zacheaus Nyamai
5.	Head nursing	Margaret Mbolu
6.	Head pharmacy	Dr. Eddy Kang'alikya

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

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

The Committee is responsible for:

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

Risk Committee and Audit committee


The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Hospital’s risk management framework. The Committee held four (4) regular meetings in the year under review.

Hospital management committee



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

Executive Expenditure committee

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

1.		<p>Aged 34years, Dr. Timothy Mbindyo is a medical doctor and the medical superintendent for the last 2 years. He has over 10yrs experience in hospital and healthcare management. He is a transformational leader, resource mobilizer and team player.</p> <p>He holds a bachelor’s degree in medicine and surgery.</p>
	Dr. Timothy Mbindyo	

Tawa Sub County Level 4 hospital (Makueni County Government)
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2	 <p>Virginia Muthoni Kaleli</p>	<p>Aged 31 years. Virginia Muthoni Kaleli is the accountant in charge of Tawa sub county hospital. She has worked for 11 years. She has a bachelor's degree in commerce (Finance option) and a CPA 5.</p>
3	 <p>Peter Mwangangi Mutevu</p>	<p>Aged 42 years. Peter Mwangangi Mutevu is the supply chain management officer at Tawa Sub county hospital with 15yrs of experience in the same capacity. He holds a masters in purchasing and supplies management.</p>
4	 <p>Zacheaus Nyamai</p>	<p>Aged 29 years. Zacheaus Nyamai is the Health Administrative officer Tawa Sub County Hospital. He has a wealth of experience on government operations and more in health sector. He has worked for 7 years with the ministry of health. He holds a bachelor's degree in Health care management</p>
5	 <p>Margaret Mukonyo Mbolu</p>	<p>Aged 55 years. Margaret Mukonyo Mbolu is the Nursing officer in charge of Tawa sub county Hospital, with over 30 years' experience in medical field. She holds a diploma in Nursing</p>
6	 <p>DR. Eddy Kang'alikya</p>	<p>Aged 37 years. Dr. Eddy Kang'alikya Kimanzi is the pharmacist in charge for the last 3 years. He has over 7 years work experience as pharmacist with leadership and management skills in health. He holds a bachelor's degree in pharmacy.</p>

(f) Tawa sub-county hospital

P.O. Box 70-90133, Tawa
Makueni, Kenya

(g) Contacts

Telephone: (+254) 0732748851
E-mail: tawasdh@gmail.com
Website: www.go.ke

(h) Bankers

Kenya Commercial Bank (KCB)
Masii branch.

(i) Independent Auditors

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


(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 78,90300
Makueni, Kenya

The Board of Management

Ref	Directors	Details
1.	 <p>Mr. Eric Kivuvani Musau - Chairman</p>	<p>Eric is the Managing Director and Founder of Jumbo Toner & Ink Market Limited, a retail company for the distribution of printing consumables based in Nairobi, Kenya. For the past 15 years, he has been the managing director of Jumbo Toner and Ink Marketing Limited and has turned it into a profitable company. Through his expertise in management, he has managed to open other branches affiliated to Jumbo Toner which include Nairobi Toner, Easy Comp Computers and Color Works technologies Limited.</p> <p>He is the Chairman of the board at Tawa Sub-County Hospital where he has steered the growth and quality health provision of the Hospital.</p> <p>He has a wealth of experience in executive management, strategy formulation and execution prior to Jumbo Toner, he cofounded and managed World Documentation Limited among other companies such as Blue Cloud computers based in Dubai, widening his experience in international trade.</p>
2.	 <p>Dr. Mbindyo Timothy -Secretary</p>	<p>Aged 34 years, Dr. Mbindyo is a medical doctor and the medical superintendent for the last 2 years. He has over 10yrs experience in Hospital and Healthcare management. He is a transformational leader, resource mobilizer and team player.</p> <p>He holds a bachelor's degree in medicine and surgery. Secretary to the board.</p>

<p>3.</p>	 <p>Justus Nzioka Muindi- Member</p>	<p>Aged 55 years. Mr Justus Nzioka Muindi is an 'A' level qualifier and a retired administrator with associated Battery manufacturers (ChlorideGroup International), He has worked with the company for 16 years. He is a member of health management committee (HMC). He chairs quality care committee Tawa sub county hospital.</p>
<p>4.</p>	 <p>Onesmus M. Mulinge- Member</p>	<p>Aged 66 years. Mr Onesmus Musyoki Mulinge is holder of Bachelor of Education - Science from the university of Nairobi. He is a retired principal having worked with various secondary schools lately being Nairobi school. He is the chair of the Finance and General-Purpose Committee for Tawa Sub County Hospital. He is also a prominent business man and the director of Alem Resort Tawa Market.</p>
<p>5.</p>	 <p>Charles Makau-Member</p>	<p>Aged 32yrs. He holds a Diploma in Analytical chemistry. He is a member of the Health Management Committee at tawa Sub County Hospital currently he is a business man at Utuneni market as well as youth representative Kisau/Kiteta Subward level and cluster level.</p>

6.	 <p>John N. Kawasya- Member</p>	<p>Aged 65 years. John N. Kawasya is a registered member of people living with physical disability (PLWD). He is an O' Level qualifier and a member of Health Management Committee for Tawa sub county hospital (HMC). Registration No. NCPWD/P/116327</p>
7.	 <p>Victor Muthoka - Member</p>	<p>Aged 48yrs. He is the Sub county administrator, Mbooni sub-county in department of devolution and public service Makueni County Government. He holds Bachelor's degree in Education. He has wealth of experience in administration.</p>
8.	 <p>Agnes Katindi Mang'eng'e-member</p>	<p>Aged 61 years. Agnes Katindi Mang'eng'e is a "O" level qualifier. She is a retired director of Chaplaincy Kijabe Mission hospital. She has worked in Kijabe for 28 years. Currently she is prominent business woman at Tawa market as well as a psychological counsellor. She is a member of Health Management Committee as well as a member of the finance and purpose committee at Tawa sub county hospital.</p>

III. Management Team

Ref	Management	Details
1.	Dr. Mbindyo Timothy	Chairperson – Medical Superintendent (Senior Medical Officer)
2.	Zacheaus Nyamai	Secretary – Health Administrative Officer
3.	Virginia Muthoni Kaleli	Accountant
4.	Margaret Mbolu	Nursing officer in-charge
5.	Dr. Eddy Kang'alikya	Pharmacy in-charge
6.	Peter Mwangangi Mutevu	Procurement officer

IV. Chairman's Statement

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

We have continuously carried governance role through approval of budgets, quarterly board meetings and ensuring functional subcommittees namely; quality committee and finance and general-purpose committee have performed to improve quality, efficiency and accountability in day to day running of the hospital.

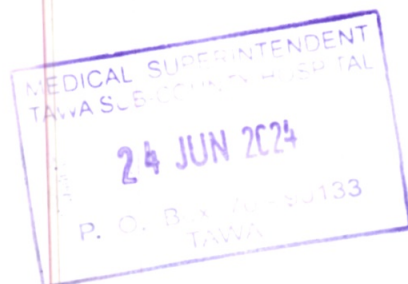
Service delivery and utilization of hospital services has improved over years with the hospital workload increasing on average from 4000 in 2021 to 6000 in 2022. This has been contributed by additional services provided, motivated healthcare workers and good working environment with great support from the community.

One of the greatest successes is mapping out key strategic hospital stakeholders and engaging them in resource mobilization. This has resulted in award of a grant amounting to Ksh. 27,000,000 from MPESA foundation for the Construction on Maternal and New-born unit. Additionally, we sourced and partnered with Tononoka steel plant for the supply and refill of hospital oxygen cylinders during the Covid 19 epidemic. We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support.

Despite these key successes, we also have challenges which affect growth of the hospital. Hospital land is limited hence hindering future growth. There is great need for acquiring of additional land. The hospital needs more staff across all departments to cope with the growing number of the workload. Additionally, we have not been able to completely face and gate the hospital due to lands dispute with the neighbouring community. This matter needs great attention to ensure security of patients and government assets.

Mr Eric Kivuvani Musau

Chair person board of management-Tawa Sub county hospital



V. Report of The Chief Executive Officer



“Tawa sub county hospital has grown to be a home of patients”

Dr. Timothy Musyoka Mbindyo – Medical superintendent

Team work, good leadership and governance are key to success of organizations. These have been our key pillars in the success of the hospital in the financial year.

Investment in Healthcare is driven by health programs and investment areas, as well as by the well-known WHO health system building blocks. These are adequate human resources for health, efficient service delivery system, adequate health infrastructure, access to essential health products, adequate health information, and adequate health financing and comprehensive health leadership.

1. Service delivery

In this financial year, we have taken great steps in ensuring improvement in the services offered in the facility through weekly clinical meetings to improve patient care and safety. New specialist pediatric outpatient clinic by roving pediatrician has improved care and management of pediatric patients. Weekly continuous medical education meetings have continued to build skills and knowledge among staff.

The hospital was recently awarded the best in immunization, second best in fourth antenatal clinic visits and third best most improved hospital in Makueni County under the transforming health systems for universal care project (THS-UHC).

2. Governance and leadership

The hospital enjoys good leadership and governance. There is great working relationship between the hospital management and the hospital board. This has resulted to good working environment.

3. Health infrastructure

Over recent years there has been consistent expansion of services due to infrastructural development, purchase of various equipment and additional of human resource for health. In order to realize its dream of being efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans, the hospital management has continuously engaged various stakeholders to strengthen health investment in line with the WHO building blocks. Recently, one of the greatest successes is mapping out key strategic hospital stakeholders and engaging them in resource mobilization. This has resulted in award of a grant amounting to Ksh. 27,000,000 from MPESA foundation for the construction of maternal and new-born unit. Additionally, we sourced and partnered with Tononoka steel plant for the supply and refill of hospital oxygen cylinders during the Covid 19 epidemic. We also lobbied funds from the health department for the construction of hospital fencing and gate and construction of walkway. We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support.

4. Human resource for health

Additional recruitment of staff in various departments has greatly affected the performance of the hospital. We have nutritionist, nurses, driver, EMT, who have been recruited by the health department to support and ensure continuous service delivery.

5. Health commodities and vaccines

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

6. Healthcare financing

We have improved in revenue collection and surpassed our annual target of Ksh13,750,000 to collect. This is through prudent revenue collection methods, having cash less payments mode and automation of processes.

7. Health information

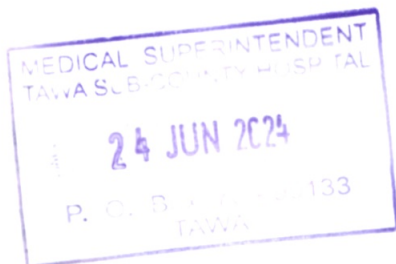
We have automated the outpatient services through hospital management and information system which has greatly improved efficiency in the hospital process. Patient records are well managed, easily retrieved, turnaround time shortened resulting in improvement in overall patient satisfaction.

Despite the great milestone achieved, we still face challenges namely; 1). Staff shortage especially nurse, laboratory technician, medical officers, sonographer, social worker, 2). Shortages in

pharmaceutical and non-pharmaceutical commodities, 3). Inadequate hospital land, 4). Lack of hospital mortuary, 5). Land dispute, 6). Lack of utility vehicle 7). Asbestos roofing



Dr Timothy Musyoka Mbindyo
Chief Executive Officer- Tawa Sub County Hospital



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.

Tawa Sub-County Hospital has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars are as follows;

Strategic Objectives

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

Tawa Sub county hospital develops its annual work plans based on the above 4 pillars/ Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services in Tawa Sub County Hospital to identify and link 80 HIV positive to care and treatment.	100% achievement
	2.Reducing transmission of TB	2.Early identification of 55 new TB patients (30%)	2.Early identification of 55 new TB patients (30%)	100% achievement
Halt and reverse the rising burden of non-communicable conditions	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 2500 people through counselling services (50%) 2.Mainstream counseling		100% achievement

		intervention in all departments (50%)		
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	1.Reducing average length of hospital stay 2.Thehospital commits to developservice charters for all departments 100% 4.Reducing facility based maternal mortality rate	1.The hospital commits to reduce the average length of hospital stay from 5.2 days to 5 days through: The hospitalcommits to reduce facility maternal mortality rate from 1 to 0 persons throughstrengthening MPDSR by ensuring:	1.Preparing hygiene protocols for all wards (50%) Holding monthly mortality audits (50%) Monthly reporting from the hospital committees (100%)	100% achievement 100% achievement

Corporate Governance Statement

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

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

Governance Principles and Guidelines

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

The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

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

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

Board Organization and Structure

The TSCH Hospital management committee comprises of eleven (11) members including the medical superintendent. Seven (7) members of the committee are independent non-executive including the Chairman, all drawn from the private sector. The remaining four (4) members represent the following

institutions –medical superintendent who is the secretary, sub county MOH, sub county administrator and deputy county commissioner

The committee members are appointed by H.E. the governor through a gazette notice.

They each serve for a maximum of two terms of three (3) years. Names of all members and changes thereto are published in the Kenya Gazette

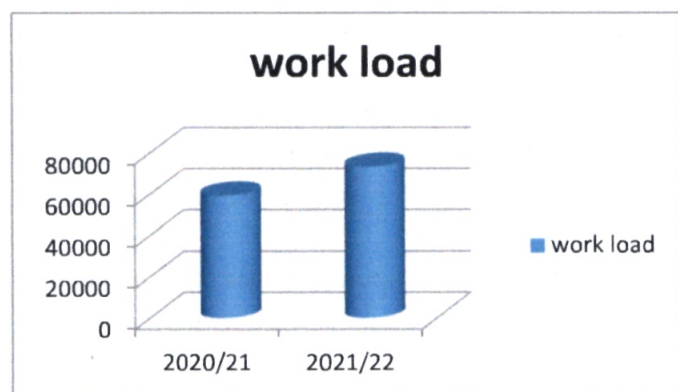
VIII. Management Discussion and Analysis

Clinical/operational performance

TSCH has 48 Bed capacity of the hospital. The overall patient attendance during the year for both inpatient and outpatient was 1,664 and 75,263 respectively. Average hospital stay is 5 days with bed occupancy rate of 90%.

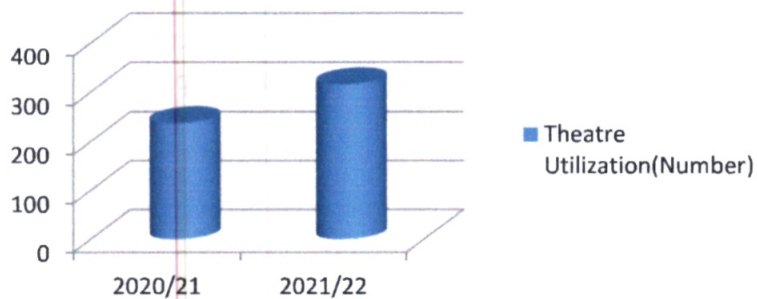
Surgical theatre utilisation on average of 30 major cases and 5 cold cases monthly. We have partnered with various partners namely;

1. Community members
2. Safaricom / Mpesa foundation
3. Elephant health care - HMIS
4. CIHEB- Kenya
5. Jacaranda Health Care
6. Medtronics -Spices



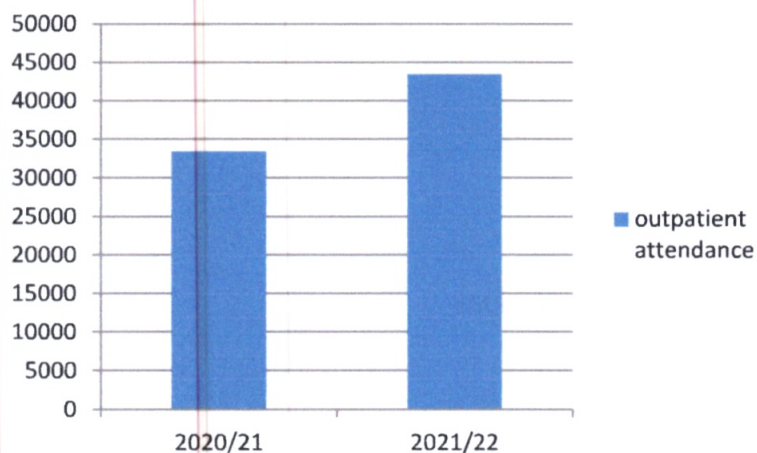
In the current year the hospital work load increased from approximately 55,000 cases to 70,000. This was contributed by improved health services provision and additional specialised services introduced in the year.

Theatre Utilization(Number)

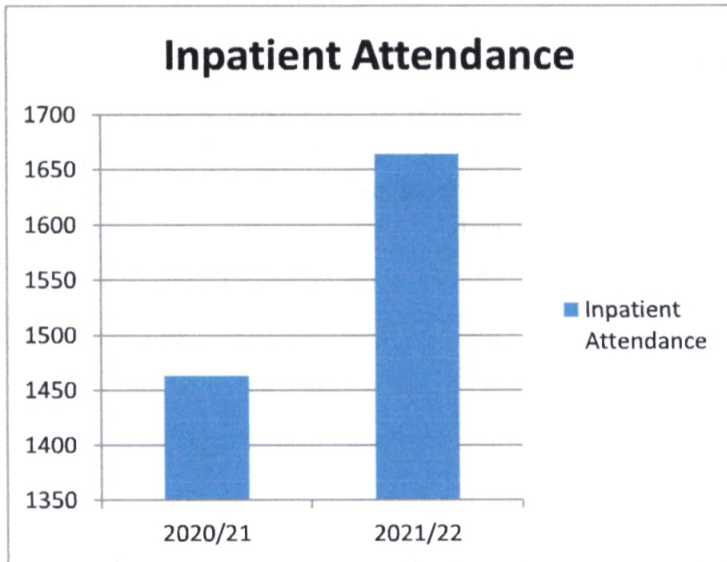


Theatre utilisation services increased from 200 to 295 cases. This was contributed by expansion of services, to accommodate increased deliveries and surgical cases and hence reducing referrals.

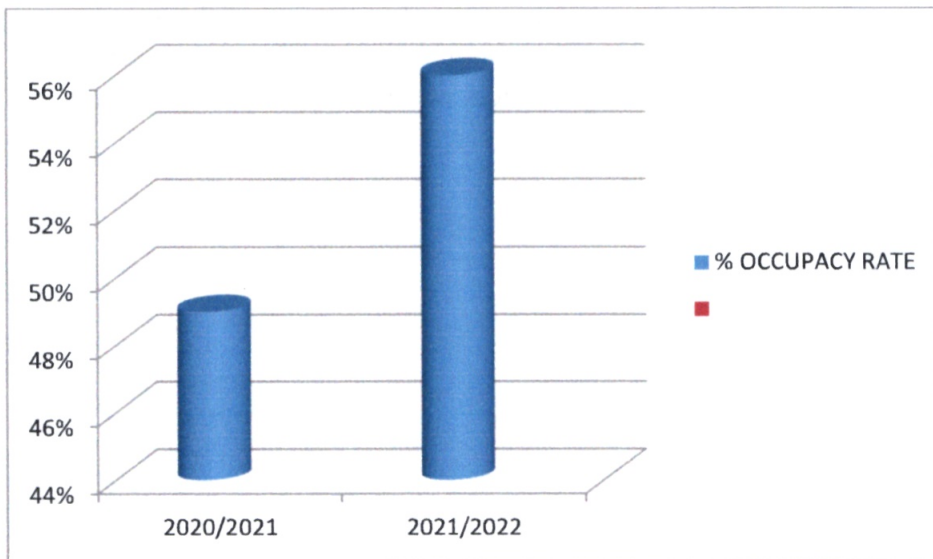
outpatient attendance

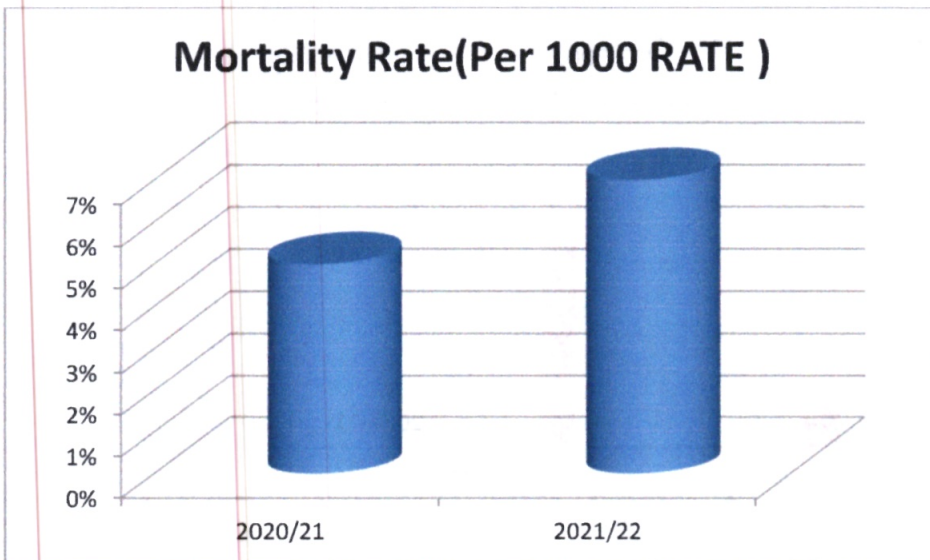
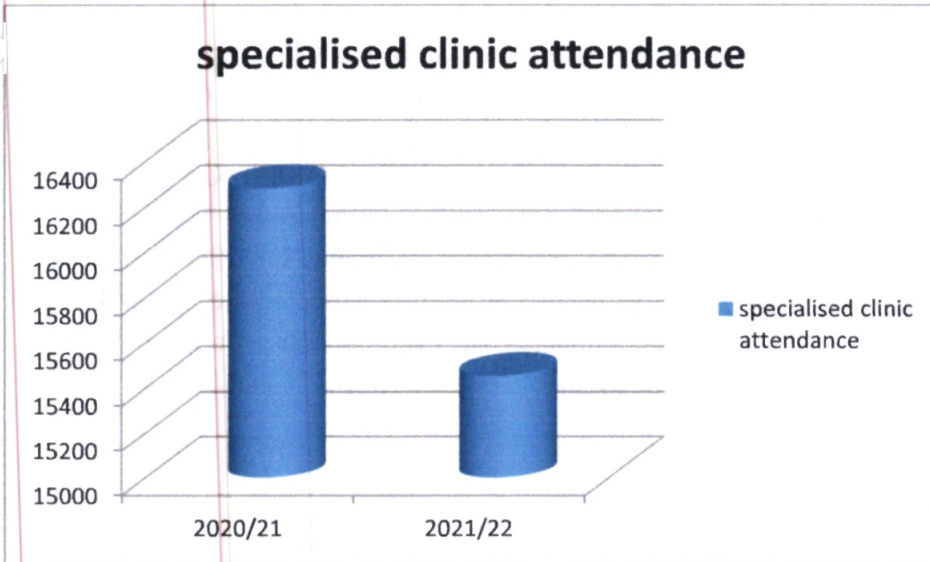


The outpatient workload grew from 33,000 to 43,000. This was contributed by increased utilisation of the services by the community due to expanded services and improved quality services



The outpatient workload grew from 1464 to 1660. This was contributed by increased utilisation of the services by the community due to expanded services and improved quality services





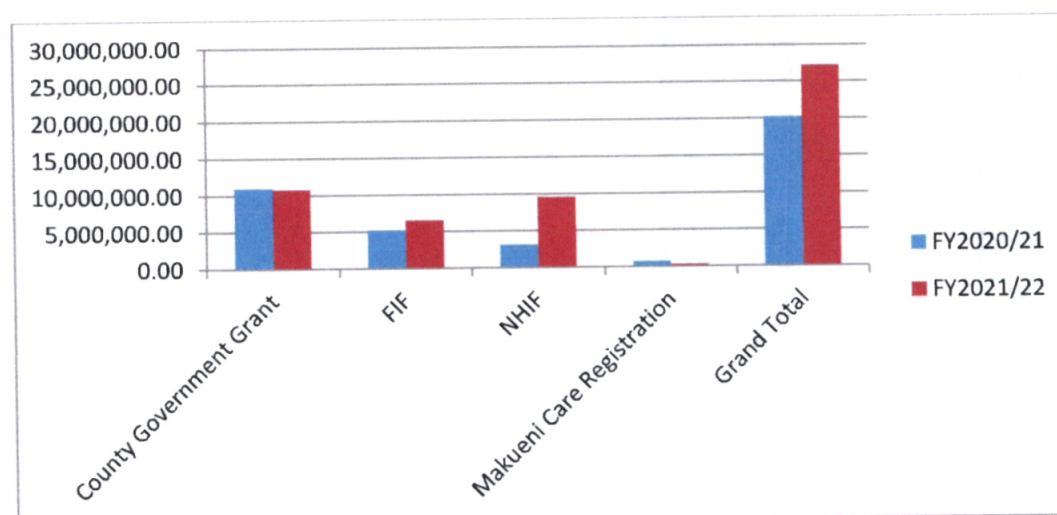
The hospital utilization as evidenced by work load has increased significantly in the financial year 2021/2022 from 59,310 to 75,263. The in-patient utilization also increased from 1463 to 1664. The hospital management with the support of hospital management committee was able to secure a grant amounting to KSH. 27,000,000 from MPESA foundation for the construction on maternal and new born unit. The project is expected to be complete by 20th February 2023. This will ease congestion in the hospital and provide privacy for our mothers as shown in the plans below,

Financial performance

Health care Financing remain a key pillar to support health care provision in health facilities whether public or private. Tawa Sub County Hospital has different sources of revenue, this include own source revenue generated from rendering of medical services, Transfers from county government and grants from donors. In the current FY2021/22 the hospital received revenue mainly from County Government allocation to support Universal Health Care program and Revenue from services rendered by the facility. The facility has partnered with government Agencies e.g. National Health Insurance Fund(NHIF), Edu Afya and Linda Mama program to support their clients in provision of health care services, this has expanded hospital revenue base. Additionally, the hospital collects cash from patients who are neither registered under NHIF, Edu Afya, Makueni Care nor Linda Mama.

Revenue sources

Revenue Stream	FY2020/21	FY2021/22
County Government Grant	11,000,000.00	10,800,000.00
FIF	5,272,550.00	6,503,571.00
NHIF	3,151,895	9,598,846.00
Makueni Care Registration	763,500.00	328,500.00
Grand Total	20,187,945.00	27,230,917.00

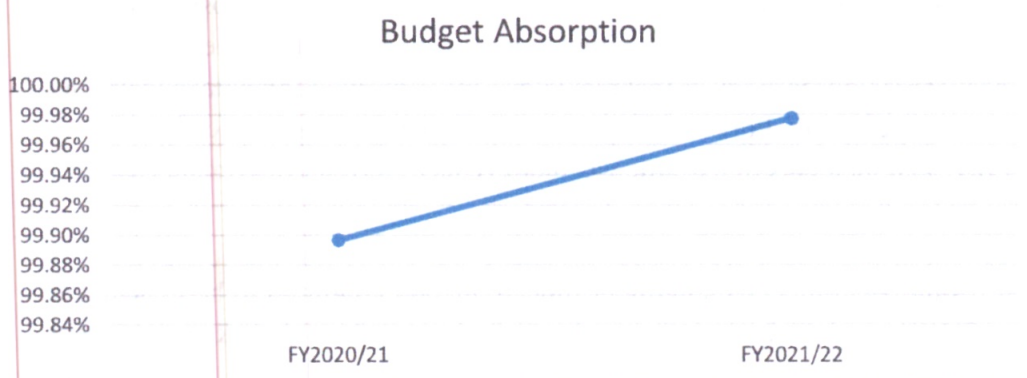


It is notable that there was increase in revenue collection. This was contributed by continued outreaches in schools for Edu afya Insurance, expanded services to accommodate NHIF patients. In turn County allocation to support Universal Health Care program dropped by Kes 200,000.00 as a result of reduced budgetary allocation for UHC Program in the departmental budget. Similarly, Makueni Care Renewal and registration also reduced as a result of adverse effects of COVID 19 as most of the clients were adversely economically affected making it difficult to renew their makueni care insurance medical cover. Finally, failure to renew Makueni Care Medical insurance cover resulted to patients paying in cash increasing the cash collected as Facility Improvement Fund(FIF).

Budget Utilisation

In the FY2021/22 the hospital budget allocation increased by approximately 5M this was as result of increase in revenue collection. Budget utilisation remained at 99.98% which is equivalent to almost 100%. Expansion of services in the hospital contributed to high budget burn rate and therefore need to consider for increased funding from the county government. The table below and graph give an in-depth analysis.

Year	Budget	Expenditure	Budget Absorption rate
FY2020/21	20,280,439.00	20,259,513.00	99.90%
FY2021/22	25,331,357.00	25,325,672.00	99.98%



In the course of the year the Hospital faced several challenges. Included here is; delay in NHIF reimbursement, inadequate pharmaceuticals and Non pharmaceuticals received from the county support and also lack of key specialised personnel to offer specialised services

Health infrastructure is as key as health commodities and therefore in FY2021/22 the hospital with support of county government was able to undertake these projects.

1. Fencing and construction of hospital gate – stalled due to court case
2. Construction of walk way – Incomplete
3. Equipping of laboratory - Complete
4. Construction of Maternal and New-born unit – ongoing

Dr Leonard Cedric Makau
 Chief Executive Officer - Medical Superintendent

IX. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

Stakeholder engagement

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

ii) Environmental performance

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

iii) Employee welfare

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

iv) Market place practices

Tawa sub county hospital has made efforts to promote:

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

Community engagement in ways like when we have mother's day meetings, over 200 mothers come and educated about breast feeding, hygiene practise and given. The remain part and parcel of the community and therefore it's with constant check with the community. Community trainings on different aspects remain as one of the key Corporate Social Responsibility. Education and support of the expectant and breast feeding mothers through provision of mother pack is a program designed to ensure the facility remain a centre for preferred Health Care services provision in the surrounding Community.

II. Corporate social responsibility / community engagements

The commitment of TSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. TSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. TSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The main activities undertaken during the year herein outlined below



Covid 19 pandemic had a great negative impact in the economy and health of the people globally and even locally. TSCH has been vocal in sensitizing community in increasing the uptake of covid 19 vaccination, preventive measures and demystifying myths on covid 19 disease.

Covid 19 outreach at kwakulomba market



Malezi bora program is a strategy to accelerate promotion and delivery of maternal and child health. It involves nutritional assessment, supplementation and deworming activities. TSCH has been taking this activity annually in primary schools to promote good health status among these vulnerable groups.

Malezi bora program at uvuu primary



Health talks are ways of creating awareness and empowering the communities to take control of their own health. Chief barazas are key avenues to create this awareness by meeting the community and especially key influencers in the community. TSCH has continuously been involved in these activities through the health promotion docket. This has resulted to increased uptake of services.

Chiefs baraza on health issues sensitization



Kiambwa community total led sanitation at musunguu village.

Report of The Board of Management

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

Principal activities

The facility offers; general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, physiotherapy services, psychology services, ambulance services and teaching /training for KMTC students.

Results

The results of the entity for the year ended June 30 2022 are set out on page xxxiv- page 9


Board of Management

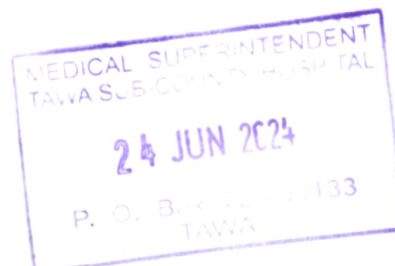
The members of the Board who served during the year are shown on page ix-xi. During the year 2021/22 this new board was appointed and gazetted in March 2021.

Auditors

The Auditor General is responsible for the statutory audit of Tawa Sub county hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board


Dr Timothy Musyoka Mbindyo
Board secretary- Tawa sub county hospital



XI. Statement of Board of Management's Responsibilities

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

The Board of Management responsible for the preparation and presentation of the Tawa sub county hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Tawa sub county hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for Tawa sub county hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Tawa sub county hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2022, and of Tawa sub county hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Tawa sub county hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

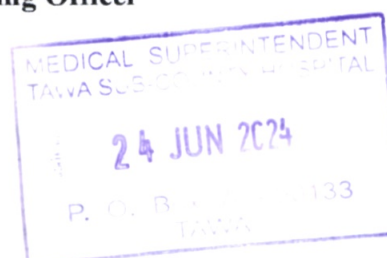
Nothing has come to the attention of the Board of management indicate that Tawa sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 24th June 2024 and signed on its behalf by:

.....
Eric Kivuvani Musau
Chairperson
Board of Management

.....
Dr Timothy Musyoka Mbindyo
Accounting Officer



REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON TAWA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - 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 Tawa Sub County Level 4 Hospital - County Government of Makueni set out on pages 1 to 49, which comprise of

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

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

Basis for Qualified Opinion

1. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.507,500 and as disclosed in Note 31 to the financial statements. However, Management reported only on the additions during the year under review excluding value of buildings, furniture, equipment and land as at 1 July, 2021. Management explained that the opening balances on buildings, furniture, equipment and land were omitted because their valuation had not been done. However, follow up with the County Government of Makueni to have the assets valued was in process. Further, the Management did not provide proof of ownership of land measuring approximately Seven (7) acres where the hospital is built.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.507,500 could not be confirmed.

2. Unconfirmed Inventories Balance

The statement of financial position reflects inventories balance of Kshs.2,183,316 as disclosed in Note 30 to the financial statements. However, Management did not undertake end year stock take of inventories to confirm existence and condition.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.2,183,316 could not be confirmed.

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

The statement of financial performance reflects employee costs of Kshs.6,311,800 for casuals and contractual staff as disclosed in Note 16 to the financial statements. The

Hospital also received services from medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.6,925,676 could not be confirmed.

4. Unsupported Expenditure on Plastic Wallets

The statement of financial performance and as disclosed in Note 21 to the financial statements reflects general expenses of Kshs.10,930,578 which includes an amount of Kshs.993,600 on plastic wallets. Records provided indicated that the hospital in conjunction with the County Government of Makueni entered into a contract with M/s Elephant Healthcare Limited on 30 September, 2019 for provision of plastic wallets for registering new patients. However, the total amount of Kshs.993,600 collected during the year under review was paid to the company. It was not clear how the hospital benefited from the sale of plastic wallets.

In the circumstances, the propriety, accuracy and completeness of the expenditure of Kshs.993,600 could not be confirmed.

5. Inaccuracies in the Financial Statements

The statement of financial position reflects property, plant and equipment balance of Kshs.637,743. However, the corresponding Note 31 to the financial statements reflects a balance of Kshs.1,145,243 resulting in an unexplained variance of Kshs.507,500. Further, statement of financial performance reflects depreciation and amortization expense of Kshs.187,247 while the corresponding Note 18 to the financial statements reflects an amount of Kshs.114,747 resulting in an unexplained variance of Kshs.72,500.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.7,011,761 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor General. This was contrary to Regulations 64 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit in April, 2024 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by sixty-nine (69) or 68% of the authorized staff establishment.

Staffing Requirement	Level 4 Standard	Actual in Post	Deficit	Percentage %
Medical Officers	16	4	12	75
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	28	47	63
Total	101	15	69	68

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

Equipment / Machines	Minimum Requirement	Actual	Deficit	Percentage %
Bed Capacity	150	62	88	59
Incubators (New born)	5	4	1	20
Cots	5	0	5	100
Resuscitaire In Theatre	1	0	1	100
Resuscitaire In Labour Ward	2	0	2	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theatres Maternity and General	2	0	2	100

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. Lack of Policy on Payment of Locums

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee costs of Kshs.6,925,676. Included in the employee costs is Kshs.908,300 spent on locum allowances. However, the Management did not provide any policy guideline on the payments of locum allowances.

In the circumstances, the regularity of locum allowances expenditure of Kshs.908,300 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Unit

The Hospital had not established an audit committee and an internal audit function. Further, there was no evidence that the activities of the Hospital had been audited by the Internal Audit Department of the Makueni County Executive. This was contrary to Section 155 of the Public Finance Management Act, 2012 which requires a County Government entity to ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

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

2. Lack of Fixed Assets Register

Audit verification revealed that the Hospital did not maintain a fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 that provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, effectiveness in management of assets could not be confirmed.

3. Lack of Approved Risk Management Policy

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

In the circumstances, the internal controls and risk management of the Hospital 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 judgement and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 June, 2024

Statement of Financial Performance for The Year Ended 30 June 2022


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	10,800,000	-
In-kind contributions from the County Government	7	20,125,203	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		30,925,203	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	4,898,133	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income (<i>nhif, linda mama</i>)	14	13,402,345	-
Revenue from exchange transactions		18,300,478	-
Total revenue		49,225,681	-
Expenses			
Medical/Clinical costs	15	6,810,912	-
Employee costs	16	6,311,800	-
Board of Management Expenses	17	132,000	-
Depreciation and amortization expense	18	118,900	-
Repairs and maintenance	19	3,218,400	-
Grants and subsidies	20	-	-
General expenses	21	7,642,459	-
In kind contributions from the County Government		20,125,203	-
Finance costs	22	-	-
Total expenses		44,359,674	-

Tawa Sub County Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022


Other gains/(losses)			-
Gain on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25		-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		4,866,007	-
Attributable to:		-	-
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		4,866,007	-

(The notes set out on pages 1 to 50 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:



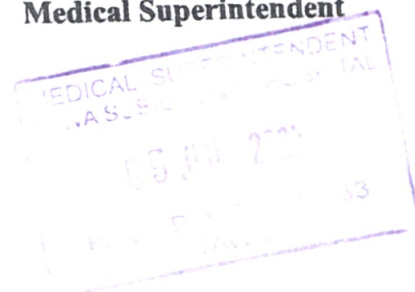
Eric Kivuvani
 Chairman
 Board of Management



Virginia Kaleli
 Head of Finance



Dr Timothy Mbindyo
 Medical Superintendent



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


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,997,614	-
Receivables from exchange transactions	28	2,200,129	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	2,183,316	-
Total Current Assets		8,381,059	-
Non-current assets			
Property, plant, and equipment	31	507,500	-
Intangible assets	32	69,600	-
Investment property	33	-	-
Total Non-current Assets		577,100	-
Total assets		8,958,159	-
Liabilities			
Current liabilities			
Trade and other payables	34	859,855	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Total Current Liabilities		859,855	-
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
		-	-
Total Non-current liabilities		-	-
Total Liabilities		859,855	-

Tawa Sub County Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22 Kshs	2020/21 Kshs
Net assets		8,098,304	
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,866,007	-
Capital Fund		3,232,297	-
			-
Total Net Assets and Liabilities		8,958,159	-

(The notes set out on pages 11 to 50 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:



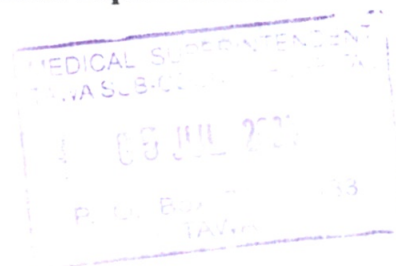
Eric Kivuvani
 Chairman
 Board of Management



Virginia Kaleli
 Head of Finance




Dr. Timothy Mbindyo
 Medical Superintendent



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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	4,866,007	-	4,866,007
Capital/Development grants	-	-	3,232,297	3,232,297
At June 30, 2022	-	4,866,007	3,232,297	8,098,304


The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:



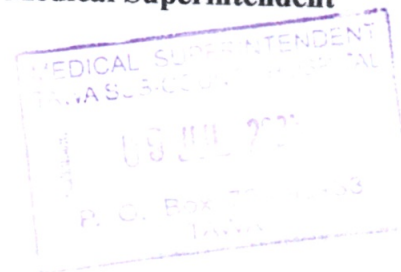
Eric Kivuvani
 Chairman
 Board of Management



Virginia kaleli
 Head of Finance



Dr Timothy Mbindyo
 Medical Superintendent



XVI. Statement of Cash Flows for the Year Ended 30 June 2022

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		10,800,000	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		4,898,133	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Other receipts(<i>Nhif, Linda mama</i>)		11,202,216	
Total Receipts		26,900,349	-
Payments			
Medical/Clinical costs		6,810,912	-
Employee costs		6,311,800	-
Board of Management Expenses		132,000	-
Repairs and maintenance		3,218,400	-
Grants and subsidies		-	-
General expenses		7,642,459	-
Depreciation		-	-
Refunds paid out		-	-
Total Payments		24,115,571	-
Net cash flows from operating activities	41	2,784,778	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		(696,000)	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(696,000)	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-

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Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/decrease in cash and cash equivalent		2,088,778.09	-
Cash and cash equivalents at 1 July	27	1,908,835.62	2,760,603.40
Cash and cash equivalents at 30 June	27	3,997,613.71	1,908,835.62

The notes set out on pages 11 to 55 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:

Kivuvani

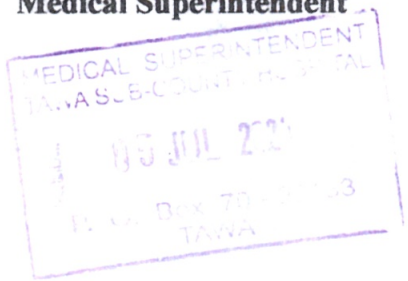
Eric Kivuvani
 Chairman
 Board of Management

Virginia

Virginia Kaleli
 Head of Finance

Timothy


Dr Timothy Mbindyo
 Medical Superintendent




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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
		b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	10,800,000	-	10,800,000	10,800,000	-	100%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	4,898,133	-	4,898,133	4,898,133	-	100%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Other receipts (<i>specify</i>)	11,202,216	-	11,202,216	11,202,216	-	-
Total income	26,900,349	-	26,900,349	26,900,349	-	-
Expenses					-	
Medical/Clinical costs	6,810,912	-	6,810,912	6,810,912	-	100%
Employee costs	6,311,800	-	6,311,800	6,311,800	-	100%
Remuneration of directors	132,000	-	132,000	132,000	-	100%
Repairs and maintenance	3,218,400	-	3,218,400	3,218,400	-	100%
Grants and subsidies	-	-	-	-	-	-
General expenses	7,642,459	-	7,642,459	7,642,459	-	100%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Surplus for the period	2,784,778		2,784,778	2,784,778	-	100%
Capital expenditure	696,000	-	696,000	696,000	-	100%

Tawa Sub County Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022


.....
Eric Kivuvani
Chairman
Board of Management


.....
Virginia Kaleli
Head of Finance


.....
Dr Timothy Mbindyo
Medical Superintendent

MEDICAL SUPERINTENDENT
TAWA SUB-COUNTY HOSPITAL
05 JUL 2022
P.O. BOX 70
37200

XVIII. Notes To the Financial Statements

1. General Information

Tawa sub county hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Tawa sub county hospital principal activity is provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans.

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 Tawa sub county hospital accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Tawa sub county hospital

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

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Notes to the Financial Statements (Continued)

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

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

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Financial Instruments	
Other improvements to IPSAS	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.
IPSAS 43	a) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations Applicable 1st January 2025</i> <i>The Standard requires,</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> <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</i>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Board on **15th 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. 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 actual as per the statement of financial performance has been presented under section VII of these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts

as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

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

p) Service concession arrangements

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

Notes to the Financial Statements (Continued)

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	10,800,000	-
Level 5 grants	-	-
Other grants	-	-
	10,800,000	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	10,800,000	-

Tawa Sub County Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Makueni County Government	10,800,000	-	-	10,800,000	10,800,000
Total	10,800,000	-	-	10,800,000	10,800,000

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	Kshs	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	20,125,203	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	20,125,203	-

8. Grants From Donors and Development Partners

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

Notes to the Financial Statements (Continued)

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

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

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

Tawa Sub County Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	949,539	-
Non-Pharmaceuticals	-	-
Laboratory	595,000	-
Radiology	460,450	-
Orthopedic and Trauma Technology	239,430	-
Theatre	13,500	-
Accident and Emergency Service	175,500	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	680	-
Cancer centre service	-	-
Dental services	376,400	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Physiotherapy	36,900	-
Occupational	27,350	-
Psychology	6,300	-
Outpatient	177,180	-
Inpatient	363,474	-
Plaster	-	-
Medical report	72,800	-
Records	1,393,850	-
clinics	9,780	-
Other medical services income	-	-
Total revenue from the rendering of services	4,898,133	-

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries	12,454,965	-
Income from sale of tender	168,000	-
Makueni UHC Registration	328,500	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	450,880	-
Total other income	13,402,345	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	475,040	-
Laboratory chemicals and reagents	804,080	-
Public health activities		-
Food and Ration	1,839,107	-
Uniform, clothing, and linen	85,000	-
Dressing and Non-Pharmaceuticals	805,175	-
Pharmaceutical supplies	167,700	-
Health information stationery	1,327,700	-
Reproductive health materials		-
Sanitary and cleansing Materials	492,350	-
Purchase of Medical gases	65,710	-
X-Ray/Radiology supplies	749,050	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	6,810,912	-

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	5,036,200	
Contributions to pension schemes	127,800	
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>locum</i>)	1,147,800	-
Employee costs	6,311,800	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	64,500	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	67,500	-
Airtime allowances	-	-
Total	132,000	-

18. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	72,500	-
Intangible assets	46,400	-
Investment property carried at cost	-	-
Total depreciation and amortization	118,900	-

19. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	1,653,450	-
Medical equipment	98,500	-
Plant and machinery	811,000	-
Office equipment	-	-
Furniture and fittings	48,700	-
Computers and accessories	186,000	-
Motor vehicle expenses	420,750	-
Maintenance of civil works	-	-
Total repairs and maintenance	3,218,400	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	40,000	-
Catering expenses	281,980	-
In kind from county	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	107,429	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	288,000	-
Electricity expenses	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	1,053,175	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	17,175	-
Printing and stationery	-	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	250,000	-
Skills development levies	-	-
Telephone and mobile phone services	224,490	-

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Description	2021/22	2020/21
	KShs	KShs
Internet expenses	99,000	-
Staff training and development	570,480	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	15,880	-
Library books/Materials	-	-
Parking charges	-	-
Purchase of electrical items	220,740	-
Fuel for transport	1,796,275	-
Fuel for production	975,335	-
Other fuels	257,400	-
Purchase of households	60,500	-
Purchase of beddings & linen	-	-
Purchase of computers supplies & accessories	54,000	-
General office supplies	1,330,600	-
Other operating expenses	-	-
Total General Expenses	7,642,459	-

22. Finance Costs

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

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

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

Notes to the Financial Statements (Continued)

24. Unrealized Gain On Fair Value Investments

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

25. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	KShs	KShs
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(972,375)	-
Total Gain/Loss	(972,375)	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	3,997,613.71	1,908,835.62
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	3,997,613.71	1,908,835.62

Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	FIF-1144739985	3,991,935.00	1,893,552.96
Kenya commercial bank	R11-1158226276	5,678.70	15,282.66
Sub- total		3,997,613.71	1,908,835.62
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(<i>specify</i>)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		3,997,613.71	1,908,835.62
Grand total		3,997,613.71	1,908,835.62

28. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	2,200,129	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	2,200,129	-

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

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

30. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	2,008,868	-
Maintenance supplies	-	-
Food supplies	22,468	-
Linen and clothing supplies	-	-
Cleaning materials supplies	39,450	-
General supplies	112,530	-
Less: provision for impairment of stocks	-	-
Total	2,183,316.00	-

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2021	-	-	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	120,000	-	460,000	-	580,000
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	120,000	-	460,000	-	580,000
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	-	-	-	-	-	-

*Tawa Sub County Level 4 Hospital (Makueni County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2021	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	15,000	-	57,000	-	72,500
Disposals	-	-	-	-	-	-	-	-
-Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	15,000	-	57,000	-	72,500
Net book values								
At 30 th June 2021	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	105,000	-	402,500	-	507,500

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions–Internal development	116,000	-
Disposal	-	-
At end of the year	116,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	46,400	-
Impairment loss	-	-
At end of the year	46,400	-
NBV	69,600	-

33. Investment Property

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

34. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	859,855	-
Employee dues	-	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	859,855	-

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

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

36. Provisions

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

37. Finance Lease Obligation

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

Notes to the Financial Statements (Continued)

38. Deferred Income

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

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

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

39. Borrowings

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

Notes to the Financial Statements (Continued)

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

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

40. Service Concession Arrangements

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

41. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	4,866,007	-
Adjusted for:		
Depreciation	118,900	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory		-
Increase in receivables	(2,200,129)	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	2,784,778	-

Notes to the Financial Statements (Continued)

42. Financial Risk Management

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

(i) Credit risk

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

Notes to the Financial Statements (Continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

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

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

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

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

43. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Tawa Sub County Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The County department of health
- iii) Key management;
- iv) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to related parties	-	-
Sales of services to related parties	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	10,800,000	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	10,800,000	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

Notes to the Financial Statements (Continued)

44. Segment Information

Tawa sub county hospital is domiciled in Mbooni Sub County and does not have any other segment.

45. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case against Tawa sub county hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

Tawa Sub county hospital or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the Government of Kenya.

49. Currency

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

XIX. APPENDIX 1:Inter-Entity Confirmation Letter

REPUBLIC OF KENYA



**OFFICE OF THE MEDICAL SUPERINTENDENT
 TAWA SUB-COUNTY HOSPITAL
 P.O. BOX 70-90133, TAWA.
 TEL:0734787489**

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GOVERNMENT OF MAKUENI COUNTY



Tawa sub county hospital
Po box 70 -90100
TAWA

The *Tawa sub county hospital* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us

Confirmation of amounts received by Tawa Sub County Hospital as at 30th June 2022

Confirmation of amounts received by Tawa Sub County Hospital as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2022	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

Tawa Sub County Hospital Makeni County Government)
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						(E)	
Uhc/hosp/ci/h/vol 126	23/5/22	800,000	-	-	800,000	800,000	-
Uhc/hosp/ci/h/vol 081	25/3/22	5,000,000	-	-	5,000,000	5,000,000	-
Uhc/hosp/ci/h/vol 027	28/11/21	5,000,000	-	-	5,000,000	5,000,000	-
Total		<u>10,800,000</u>	=	=	<u>10,800,000</u>	<u>10,800,000</u>	-

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

Head of Accountants department of beneficiary entity:

Name VIRGINIA MUTHONI KALELO Sign [Signature] Date 5th July 2022

MEDICAL SUPERINTENDENT
 TAWA SUB-COUNTY HOSPITAL
 05 JUL 2022
 P. O. Box 70 90133
 TAWA

APPENDIX 11: Trade Payables

S/NO	Date Incurred	Name of Supplier	Item Description	Amount	Remarks
1	16/06/2022	Mediplus Holdings	Non-pharm	6,000	No funds
2	13-06/2022	Mediplus Holdings	Non-pharm	97,000	No funds
3	20/06/2022	Mediplus Holdings	Non-pharm	55,000	No funds
		Subtotal		158,000	
4	24/06/2022	Mediplus Holdings	X-ray	88,350	No funds
		Subtotal		88,350	
5	30/05/2022	Roypharm Pharmacy	Medical drugs	30,000	No funds
6	17/06/2022	Roypharm Pharmacy	Medical drugs	13,800	No funds
		Subtotal		220,500	
7	8/6/2022	Pichez Enterprises	Office supplies	25,500	No funds
8	16/06/2022	Lilycamb Agencies	Office supplies	21,000	No funds
9	27/06/2022	Evertune Investiment	Office supplies	16,800	No funds
10	27/06/2022	Sakena Enterprises	Office supplies	28,000	No funds
11	28/06/2022	Pichez Enterprises	Office supplies	26,450	No funds
		Subtotal		117,750	
12	14/06/2022	Felbez Agrencias	Sanitary & cleansing	52,000	No funds
13	22/06/2022	Felbez Agrencias	Sanitary & cleansing	12,400	No funds
		Subtotal		64,400	
14	5/5/2022	Pamale Auto Garage	M/Vehicles	55,000	No funds
15	17/06/2022	Pamale Auto Garage	M/Vehicles	30,600	No funds
		Subtotal		85,600	
16	30/06/2022	Rycedental Supplies	Dental Items	11,250	No funds
		Subtotal		11,250	

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17	24/06/2022	Busara General supplies	Food & ration	28,260	No funds
18	30/6/2022	Jambo village hotel	Food & ration	12,865	No funds
19	30/6/2022	Ndumi hotel	Food & ration	19,380	No funds
20	30/6/2022	Rishel general supplies	Food & ration	50,200	No funds
		Subtotal		110,705	No funds
21	10/6/2022	Deorient Company	Electrical Items	3,300	No funds
		Subtotal		3,300	
		GRAND TOTAL		859,855	