

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

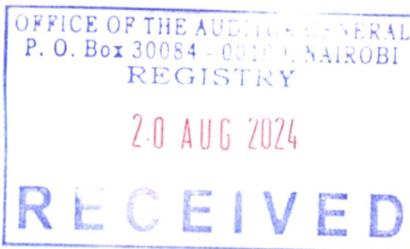
SAMBURU SUB-COUNTY LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF KWALE

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Issued 30th June 2022



**SAMBURU SUBCOUNTY HOSPITAL
(Kwale County Government)**

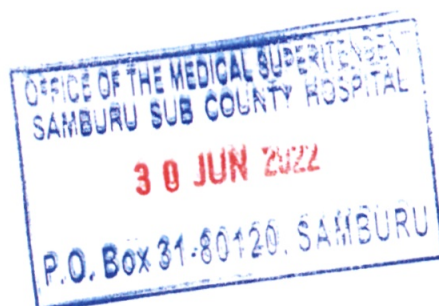
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Samburu sub county Hospital is a level 4 hospital established under gazette notice number 4644 and is domiciled in Kwale County under the Health Department. The hospital is governed by the Health Management Team.

(b) Principal Activities

The principle activity of the hospital is to provide health care services to the public. This is achieved by making sure that whatever health service clients seek from within the hospital is available.

Vision

A responsive and efficient healthcare service provider within Samburu sub-county and in Kwale County at Large.

Mision

Samburu Sub-County Hospital exists to serve by providing quality health care services which are affordable to enhance sustainable development.

Core Values

Accountability
 Empowering
 Equality
 Inclusivity

(c) Key Management

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

County department of health
 Accounting Officer/ Medical Superintendent
 Management

(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. Said Twahir Said
2.	Head of finance	Mr. Leonard Mambo Dalu
3.	Clinician	Mdm. Mary Mwaka Mgutu

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

The research and standards committee is a vital committee that ensures that facilities run while observing high quality services to the public. The committee usually conducts activities within and without the facility that are meant to diagnose the existence of any foreign ailments that can pause

threats to the public in the surrounding. Therefore, the committee usually have a number of meetings within the financial year to deliberate on the findings that shall have been met which serve as the basis for any necessary action to curb or deter the spread of any endangering condition within the locality of the facility. As a result, this has made it possible that the facility to be surrounded by minimal disease affected community i.e. a healthy community. Clinical research and standards committee does its activities through dialogue and programmed out reaches in order to reach its targeted objectives. This makes it easier to have their mandate met in due time.

Audit committee

This committee is assigned with the mandate to scrutinize financials and nonfinancial records to make sure that procedures and standards are met by the entity. Audit committee does its functions through programmed audit exercises that it does during the financial year. Through these function, the facility benefits a lot since there is a kind of peer audit amongst departments of the facility and a result there is a tremendous reduction of anomalies in adhering to standards and required procedures in systems. The audit committee through the good leadership of its chairperson, the medical superintendent, usually does audits in all the departments at least three times in a financial year where almost every head of department is involved in the exercise thus having an ample time to learn from each other as well as having time to interrogate one another plus reminding of what and how to do the expected by the concerned department and asked to carry out the changes or corrections identified.

Risk Committee

The committee plays a crucial role in ensuring that the working environment within and without the facility is conducive. It's this committee that usually gives updates of the happenings in the facility to all the staffs. The committee has managed to have designated places where in case of any emergency people can easily converge and have updates. The committee as well as sometimes carry out refresher exercises to staffs who underwent first aid trainings. The committee is vibrant in making sure that all equipment and tools are in good working order by conducting an updating exercise. the committee is headed by the head of physiotherapy department.

County Assembly

The county assembly through the public investment and accounting committee has the mandate to ensure that resources within the county health facilities are used prudently and in accordance to the public finance manual act. The committee has as supervisory role to all the public entities in the county. As of late the committee has not visited the hospital but another committee paid a visit to the facility i.e the county assembly health committee which addressed some of the challenges that were facility the facility.

(f) Hospital Headquarters

P.O. Box 31-80120
Off Mombasa-Nairobi Highway
Samburu, Kenya

(g) Entity Contacts

Telephone: (254) 81955804
E-mail: samburuhospital@gmail.com

(h) Entity Bankers

1. Kenya Commercial Bank
Mariakani Branch
Box 464
Mariakani

(i) Independent Auditors

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

(j) Principal Legal Adviser

The County Legal Officer
Office of the Governor
P.O. Box 4-80403
Kwale

II. Management Team

Ref	Management	Details
1.	 <u>DR. SAID TWAHIR SAID-MEDICAL SUPERINTENDENT</u> Dr. Said Twahir said is the medical superintendent of Samburu sub-county hospital. He is a grandaunt of Qatar university with a degree in MBBS in 2018. He has been practicing in the field for at least four years.	The medical superintendent is the chief executive officer to the hospital He oversees all the departments in the hospital He chairs the quality improvement team for the facility He chairs all the executive meetings in the facility He serves as the spokesperson to the hospital He ensures fair distribution of resources in the hospital



2.	 <u>MDM. MARY MWAKA MGUTU-CLINICAL OFFICER</u> Mary Mwaka Mugutu is a qualified clinician with a diploma in Clinical Medicine and surgery from KMTC- KISII Campus and graduated in 2009 December. Completed her internship in Kilifi county referral hospital in December 2010. She has a versed experience in the field since her employment in 2011 to 2013 December in Maua Methodist hospital and by the county government year back 2014 January.	She serves as the head of outpatient department She heads the clinical part of the hospital She chairs as well the comprehensive care clinic (CCC) She as well attends clients in outpatient department She sometimes chairs the head of department meetings. She deputizes the medical superintendent.
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MR. LEONARD MAMBO DALU-ACCOUNTANT

Is an accountant with up to 10 years of experience, holds CPA 2 and also has a Diploma in Business Management from the Kenya Institute of Management in 2020 as well as a Diploma in Accountancy.

He heads the finance department in the hospital
He oversees the revenue section of the facility
He is the custodian of hospital assets
He provides financial advices to the management
He executes payments on behalf of the hospital
He assists the hospital in the making of the hospital budget
He prepares payment vouchers for expenditures incurred by the hospital
He prepares financial reports for the facility

3.

III. Report of The Chief Executive Officer

Samburu hospital is a sub-county hospital which has come as a result of it being elevated from being a health centre. For the past time I came to this facility at least one year ago, we have noticed tremendous transformation of the facility just but a few examples are increased number of staffs, increased number of service departments, increased number of medical equipment as well as increased number of clients. This is something that we never expected as Samburu hospital staffs but to me I count as a bigger milestone a head from where we have been in the recent years. Personally, I would wish to congratulate plus appreciate the county government administration for taking into their minds and go farther to help this facility that has been ailing from so many difficulties but to date we have embraced greater changes as a facility and as a community at large.

For the last financial year, we had challenges of providing for the needs of the departments since we did not have an independent budget allocation which paused a greater challenge in providing for the needs of the departments. This was contributed by not having our own budget that we could decide and do as per the needs that we had as a facility since all the financial decisions were done or controlled from somewhere else it was hard to deliberate on what we did not have a direct control over it for not knowing what could be transpiring on the other side. Even if this financial budget allocation is not sufficient to meet all the needs in the facility departments but still it has enabled us accomplished some objectives that we had as a facility. As a result, not all the departments we have in the facility have been met but I hope that in the near future as a facility we shall have a point to start from. Considering that some of these departments like the case of theatre, female ward, physiotherapy and the dermatology are departments that got created as a result of the elevation of the facility to a sub-county hospital hence not able to meet all that which is required to make them fully functional. As a facility we have just been able ensure that they are operational but not to their full capacity for lack of funds. Another reason that has made it not possible to fully equip these departments is because, they do not have sufficient office spaces that would accommodated the requested equipment. As management, we are striving hard collaborating or engaging and making sure that the county administration is on its tore to make sure that they consider constructing a spacious structure which is going to harbour the affected departments. Also these departments are faced by lack of labour force since almost all of them do have one staff who is expected to deliver optimally to the clients. This also contributed to the putting of much emphasis on the need to fully equip them apart from theatre where in most cases whenever there is a procedure to be done, almost every departmental staff gets involved, talk of nursing, medical officer, anaesthesia, etc. this has made the department somehow unique such that neglecting it on providing for its needs would not be prudent.

Another change that the facility has experienced is on the rate of consumption of the consumables, where the consumption has gone high by a great percentage. This is also has been brought about by the increase in number of department and as a result the usage of items like plaster, spirit and many more has escalated due to the increase in number of departments. This means that even the costs for buying of the same items has gone high in proportion to the increase in number of departments. Also to note on the challenges is lack of resources like office furniture where majority of the offices do not have furniture thus pausing or making it difficult to work in those offices. This has been brought about by insufficiency of budget allocation on purchase of office furniture where the allocation was on shillings three hundred thousand which only managed to cater for just but a few departments which also are newly established i.e. the accounts and nursing manager offices. These are the only beneficiaries of the allocation for this year on furniture purchases. Even though their need was not fully met but at least the concerned officers are able to stay put in their respective offices. But most of the departments do not have office furniture but we are focussed to see that all the involved departments get fully furnished

even if it shall be done progressively or bit by bit. Also other areas of concern have been the allocation on foodstuffs where, just because the number of clients served by the facility has increased which in turn has as well increased the number of in patients who has in turn increased the foodstuffs consumption rate in the facility.

The management of Samburu hospital is looking forward to have the budget increased so that there can be proportional distribution of the same in the various items or votes which in turn shall assure fully equipping the departments both the pre-existed and the newly created ones. As Samburu hospital, am advocating for fully involvement of the end users of budget to the budget making process as this shall ensure that all the prioritized votes shall get enough funds allocation in the budget. This year, the budget was only fourteen million shillings but I hope and propose to stand objectively to ensure that there shall be increase of the same in the coming financial year so that we can have a smooth running of the facility by making sure that all needs of the departments are catered for.

In this financial year, as a facility we have experienced challenges of power breakdown frequently due to the instability of power flow in the hospital. As a result, to this, many electrical machines were short circuited and rendered non-operational, this triggered us to work tirelessly to make sure that the power standby generator gets repaired so that there can be a certain power back up. In addition, the generator which was initially manually ignited, got changed into an automatic ignition in case of power blackout. This has made a positive stride towards quality service provision. We also undertook the servicing of the short circuited machines in the laboratory and theatre operation lights by buying them. These were unforeseen expenses but with the little funds we received from the county treasury enabled us service them.

Some effects that were brought by the elevation of the facility from a health centre into sub county i.e. level four hospital were also evident like, the health facility committee seized from executing its mandate, instead, the hospital is expected to have a board of management which shall be instated from the county executive.

Positively, we have also seen and enormous growth or increase in revenue collection in the facility through the service charges that are offered within the facility. This financial year there has been an increase of revenue collected up to about five million of Kenya shillings from consultation fee charges, inpatient bills as well as the national hospital insurance funds (NHIF) claims that were done during the financial year. All these services have come into existence by virtue of the facility being changed from a health centre to a level four facility.

It's my sincere hope that if as a facility we shall work as a team, then there is going to be an uplift of the reputation of the facility to the community as well as improve the quality of service delivery and result to increased revenue collection. This shall be made possible if the concerned heads of departments that offer services at cost shall be vigilant and carry themselves professionally and act in honesty manner in their respective working stations.

As the chief executive officer to the facility, I will advocate to change the working hours from being a twelve-hour service hospital in to a twenty-four-hour service hospital where all the concerned personnel in the revenue points shall be attentive to their work and charge the clients in the prescribed and approved service charges. By doing so, I am certainly sure that our level for revenue collection shall surpass the current figure collected in the coming financial year. As a facility, we are looking forward to have an endless support from the county by making sure that they employ and deploy competent staffs who are going to fill up the deficit currently faced in the facility in some of the crucial departments including the revenue department and others. I am looking forward to see a much productive team in the facility that works devotionally minus coercion to propel the facility to greater heights.

IV. Statement Of Performance Against Predetermined Objectives

Samburu sub-county hospital has 3(three) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/2022- FY 2022/2023. These strategic pillars/ themes/ issues are as follows;

1. Attending clients professionally and improve service quality

The facility is looking forward to see that service rendering by the facility staffs especially those who are holding the offices shall be conducting themselves in a way that is acceptable to the community and adhering to professionalism. This is meant to see that there is improvement on the way that the facility departmental managers conduct themselves in a manner that can be credited.

As a facility, this is our set goal and determined to ensure that for the next two to three years the facility is going to grow in terms of quality service provision to the clients to fit into a world class. The management is devoted to see that everything is in place to have the staffs motivated towards quality service delivery to clients. As per this financial year, the management through the heads of departments have noted a few areas that would require the concerned departmental head put more efforts towards betterment of their departments.

A few cases of miss handling of clients were reported but their effect was not that significant but all in all as Samburu hospital management we are determined to have zero percent towards clients' complaints against the facility. This is achievable as long as the rules and regulations that are in place governing the facility heads of departments and all staffs at large are adhered to. Also there is a guideline that instruct staffs in the facility are expected to conduct themselves in a way that no room of compromise when it comes to offering services to the clients. Therefore, it's upon every member of staff to ensure that there is total observing to the set standards of service delivery by the county government as well as those of Samburu hospital in order to propel the facility to the expected level.

2. Creating conducive working environment

As far as this financial year is concerned, the facility management has been on its tore to have every department staff have enjoyable working conditions. As a result, it was a wholesome predetermined objective that we improve the working environment by ensuring that whatever it takes to have an office to be fully facilitated is done as well as ensuring that the number of staffs that are deployed in that department or office is sufficient. This has been the core driving agenda since the facility having recently upgraded into a sub-county or level four hospital. You find that many requirements in departments are not availed just because of financial constraints that the facility may have been facing.

Also just because the facility has been under micro managed for the whole of previous time it was existent. This has contributed much to the failures to meet some of the predetermined agendas of the facility by the management. This time round, the management has tried hard to see that at least the facility gets funded well so that it can sufficiently supply its needs including the equipping of the hospital departments to ensure effective service rendering to its clients. Since there has been frequent delays in funds disbursement as well as insufficient budget allocation, this has derailed achievement of this projection. Meanwhile, with the little that the facility has received in this current financial year, it has utilized the same prudently to ensure that service delivery remain uninterrupted as well as ensuring every one of the staffs in their respective departments work in conducive surroundings by observing their safety from factors that can hinder their performance.

3. Resources mobilization

The facility management has tried its level best in this current financial year to ensure that there is adequate supply of all basic requirements for the facility operations. There is need to ensure that whatever is needed for normal operations in a facility is available. This can be made possible as long as there is enough resources in the hospital. This financial year it has been for the interest of the facility, to ensure that whatever is available in the facility gets utilised optimally for betterment of the facility. The driving force has been that the hospital gets facilitated for its needs. This was the plan, that the county makes sure that what has been allocated for the facility in the budget gets disbursed to the hospital which would have ensured that whatever had been budgeted for gets implemented as expected. This has been a challenge since the budget was not fully funded and therefore hampering the facility operations somehow not as per the projections. Also it was the wish for the facility that there is enough deployment of staffs to the newly created departments as well as the pre-existed departments since the number of staffs in all the departments is not enough. This has made some of these department not perform optimally which is contrary to the wish of the facility.

The management tried its effort as well to approach well-wishers who can support the facility by providing or funding some projects in the hospital like building of a perimeter wall, building of maternity wing, building of an administration block etc. so far this financial year there has been no sponsors of projects that have come open to bear with the burden of sponsoring development projects in the facility. This has been the challenge that most of the departments lack offices as well as equipment for working. Hoping in the near future that the plans to have these three pillars get achieved

so as to ensure that the facility gets uplifted as well as gain more impact in the community as well as the county at large.

V. Corporate Governance Statement

Samburu sub-county hospital do exist to provide quality health service to its clients. Over the past year, the facility has been able to serve its clients with dignity and adhering to high standards that are in accordance to the health provisions. This has been made possible through the good management that has been delivered by the health management team. This has enabled the facility to some extent to increase its service provision territories since as per the health records there shows that there are clients who come as far as other neighbouring counties such as Kilifi and Taita taveta as well as Mombasa counties. This has been brought about by the continued commitment of the team that works tirelessly to make sure that services in the hospital are run uninterrupted.

Through team work in the facility, it has well managed to have a motivational attitude to the team or departmental team. This has been enabled by frequent meeting that are scheduled in a way that there is interdepartmental kind of competition in terms of best service delivery. This is facilitated by measuring the number of clients that a department serves. This has given the departmental heads to be vigilant enough to ensure that there is sufficient provision of all the requirements that the department require for the smooth running of the department. Through the support of the health management team which always ensures that there are supplies of the concerned departments thus making it possible to have departments perform tremendously good.

The management has ensured that there is timely ordering for supplies that were also the concerned departments that are concerned with purchasing of the ordered supplies make sure that ordering and delivering of the items is on time ensuring that there are no stock outs which sometimes discourages attendance of clients as well as demoralising the concerned departments which intern leads to loss of trust as well as loosing revenue which the hospital would earn should there be no stock outs.

Samburu hospital management also ensures that there is wholesome involvement of every stakeholder when it comes to preparing of the facility budget. This ensures that there is inclusion of every needed item that an individual department would need throughout the financial year. Frequent supervisory meetings and visits to individual departments by the management has also enabled the departments to be keen enough to make sure that whatever is recommended during heads of department meetings is what gets implemented by the individual department which as well is contributed by review meetings on the same.

As a facility, there are factors which we have upheld to serve as guiding principles when it comes to service delivery, they include quality, openness, professionalism, dedication and unity. These serve as the back bone when it comes to the way every department holder should adhere to as well as the management team when executing its duties. This serve as the guidelines to our rendering of services to our esteemed clients. Through handling of our clients professionally and with humanity, it has made the facility to have an enormous impact to its surroundings as far as clients service is concerned.

Throughout the financial year, Samburu hospital has been upholding to these guidelines without deviating from them thus making it shine within the surrounding. This has been noted through engaging the clients in conversation concerning the services that are delivered or rendered in the facility.

Also, in this financial year we have managed to have community dialogues when participating in out reaches. Through these out reaches, we have managed to offer out door services like vaccination of children as well as administering drugs to the community e.g. deworming drugs. By these activities the hospital has penetrated deeper in the community which has in turn made it to have a greater grip in the market. The out reaches have also made it possible for the management to get

feedback concerning its performance. Through these feedbacks from the community, which some are positive and negative but still uses the same to analyse and come up with ways of rectifying where there are mistakes and as well tend to strengthen more where there is positive feedback. It's through such activity that has managed the facility to be more competitive in the market thus out fitting its competitors.

Samburu hospital as well has benefited a lot from the continued support from the county government. The county government has been in the forefront to make sure that most of the commodities that are essential to health service provision are made available. The county government has placed some modalities to make sure that there is no breakdown of the frequency in the system of service provision.

The facility through the county government has been able to be facilitated with an all-time available ambulance services which facilitates referral services into and outside the facility. This has been made possible by ensuring that the ambulance is always in good condition and also adequately fuelled.

Through the county government also the facility has been funded for its operations. In this financial year the hospital managed to receive operational cash almost one million which got utilised in travelling, buying of less cost items to facilitate running of the departments as well as making sure that managerial functions do not get stuck. The funds also enabled the management to make sure that lunch allowances to escorting officials in ambulance during referrals.

Also, the county government has supported the facility by making sure all the basic commodities like drugs are available. No time that the facility has faced stock outs for drugs. This is also the same case with laboratory reagents which are also facilitated from the county government. Another contributing factor that has been enjoyed by the facility from the county government is the immeasurable supervisory visits by county officials which in most occasion all cadres in health always do have representatives.

This has boosted much in developing the staffs in their areas of specialisation which in turn has helped in making sure that quality of service delivery is not compromised in any way. Through the county government also, staffs have been motivated through trainings in their cadres something that encourages devotion and dedication to their work.

The county government has contributed in the betterment of service delivery by also making sure that all department are given qualified staffs who some have a depth of experience in there are of specialisation. This has enabled or assisted the facility to offer exemplary high standard services that are in accordance to the ministry of health. By making sure that there are staffs in every department in the facility (those which existed before elevation into a level four facility and those which got created after the elevation) the county government has made sure that there is an officer who would be manning the department. Although the number of staffs in some key departments is not enough but at least, plans that have been in place are that every department should be running. Facility wise, with the budget allocated to the facility, was well implemented by ensuring that every request that was made for a department was met. At least a bigger part of the budget got implemented during this financial year. Through the quarterly meetings that have enabled us as a facility to ensure that there is inclusivity in the process of implementing this financial year budget. To some extent, the budget was not enough to meet the needs for the entire facility but still a bigger percentage of the departments needs have been provided with. As a facility we are committed to making sure that, a sufficient budget allocation shall be made in the coming financial years so that we can have the gaps that are currently in place and somehow pausing challenges in ensuring quality health services delivery to the clients are closed.

VI. Management Discussion and Analysis

By virtue of the facility becoming a level four facility, there has been a significant increase of clients i.e the number of patients served in the facility has gone up. This one calls for an intervention to have the number of beds in the facility get increased since there is high probability that the number of inpatients would as well increase significantly. Currently the facility has a total of thirty-six beds for to accommodate inpatients. This is small considering that the facility is located along a busy highway which is prone road traffic accidents. Therefore, there is need to have prior plans to make the facility have a bigger space in order to accommodate more inpatients. The beds are in maternity, male ward and the general ward which houses both women and children below five years of age.

Also a total number of sixteen thousand six hundred and sixty people were the clients that were attended in the facility during this financial year. Other important changes that have been observed in this financial year in relation to service provision are:

- A total of six thousand seven hundred and ninety-five cases of accidents and emergency
- Special clinics had one thousand eight hundred and seventy-two (1872)
- An average length of stay in the facility of up to 0.3
- The bed occupancy rate is 1204
- Mortality rate for the year was at 72 and a total of 136 operations that were done in the year.

This serves as indicators that as a facility, there need to have the facility fully developed so that there can be a space to increase the number of services that can be offered in the facility, create more space to accommodate the missing offices for the already existing departments and also a room for improving the quality of service delivery in the facility.

Samburu sub county hospital is a public facility which is fully sponsored by the County government of Kwale and is managed by the Hospital Management Team (HMT). The facility is fully funded by the county government of Kwale. This financial year, the facility budget was prepared in absence of the facility management team just because before its elevation into a level four facility, the facility was just but a health centre. During this time, the facility was somehow micromanaged in that most of its financial decisions were done at the sub county level i.e. the deliberations were done at a centralised office under the leadership of the district medical officer currently known as the sub county head of health services. Financial issues therefore were made at the sub county level under the directive of the county administration through the health department. As a result, upon the elevation time, its budget had already been passed and therefore amending the same was not somehow possible. As a result, the budget had to be implemented just the way it had been passed. The budget was at least fourteen million which was purely recurrent. Distribution of the budget to the items of the budget was not proportional i.e. the distribution was not as per the needs of the various departments in the facility considering that some departments got created as a result of the facility elevation into a level four facility e.g., accounts department, nursing management department, comprehensive care clinic and many more. As a result, some of these departments had to rely on the allocations that were more related to other departments. Nevertheless, operations of the facility were not interrupted instead the facility remained operational despite the fact the insufficiency of the budget. The management implemented the budget according to prioritization of needs of the various departments in the facility. The facility was able to provide most of the requirements of the departments. The implementation was based on apportioning or sharing of what got purchased and got distributed fairly to all the departments in order to have normal running of the departments. Most of the purchases done during the financial year were fast moving items like non pharmaceuticals,

office stationeries, a small percentage of laboratory reagents since much of the reagents were bought centrally by the health administration i.e. the county laboratory coordinator makes sure that all the laboratories in the county are facilitated with laboratory reagents. As a result, as a facility we managed to buy reagents that were worth three hundred and eighty thousand which was just salvage the situation after a number of the reagents had run out.

Most of the items in the budget were allocated with not more than one million, apart from foodstuffs which was allocated with almost four million for the years' consumption. Many of the vote heads got depleted along the way i.e. before closure of the financial year and therefore the facility depended on the county services and goods allocation.

Like the case of non-pharmaceuticals where the allocation was but only three hundred thousand for the whole year, this much could not sustain the consumption for the facility. Another item that got under allocation for funds was the refined fuel for transport and for the power standby generator whose allocation was but only one million which never sustained the expenses of running the ambulance and the generator. Another area of concern was on the medical drugs where the allocation meager such that by no means the allocation could sustain the whole year's consumption. The allocation was just four hundred thousand which would only manage to buy a handful of the medical drugs.

As a result, to this, the county administration played a major role in ensuring that the facility operations got not interrupted by ensuring that all the necessary items were supplied whenever they were requested for from the hospital.

Due to lack of enough budget and by virtue of the facility elation, there were a number of challenges that were faced during the financial year since many things had not been put in place to facilitate smooth running of the facility. Many of the challenges that the hospital has faced include;

Lack of infrastructures,

Samburu sub-county hospital has been operating as a health centre until recently where it got elevated into a sub-county. This was done or the elevation was done but there has not been any structural preparedness. This has paused a lot of challenges as far as management of the facility is concerned. Becoming of the facility into a level four facility has to have infrastructural preparedness but with the case of Samburu hospital, there are a number of departments that do not have an office to be contained, including;

- **Accounts**

This is a newly created department to the facility since previously, the facility has been operated distantly in terms of financing and management. But with the elevation into a sub-county hospital, it was seen by the county administration to deploy an accountant for the facility. But due to lack of enough building structures, the department didn't have a space where it can operate from. This has been a challenge and therefore, a decision was made to have the department operate from the ward buildings. With equipping of the available rooms/office, it was possible to have the officer from there.

- **Nursing**

The department has been operating without a specified place to be called the nursing office. But the coming of a nursing service manager, it necessitated the county to appoint a nurse in charge who shall be the supervisor to the nurses in the facility. This as well brought about a hiccup to the management since there was still no place to house the nursing department office. This led to have the department still be housed inside the ward. It has well functioned throughout the financial year since coordination of nursing services have been made easier since there is a definite system of coordination of service

rendering including making of duty rosters, distribution of non-pharmaceuticals to all the concerned departments as well as collection of data, analysis, budgeting and ordering for consumables for the department. This financial year the department of nursing was under financed since the budget made and the allocation for non-pharmaceuticals was only six hundred thousand which is not sufficient to carry the facility for the entire financial year. This has made the department to stretch much in order to meet its objectives. This has resulted to frequently borrowing from other facilities including primary health service providers as well as other hospitals something which derailed the objective of quality service delivery by the facility

- Comprehensive care clinic (CCC)

This is a department that is concerned with educating, examining of infectious symptoms or diseases. The department as well help by counselling HIV infected person. This being a new department in the facility also had some its challenges since by virtue of having not been existent before and for its introduction following the elevation of the facility into a level facility, it got introduced and therefore needed a place or room where it can conduct its service delivery effectively. There being no space it was a bit challenging but still a separate room got created for it to get accommodated. Good enough is that most of its activities are facilitated by donors (USAID) it has been smoothly conducting its services well due to employees who are employed by the NGOs as well as providing for with essential consumables which relieved the facility of buying some of the items that are used in the department. Also the NGO has managed to assist run smoothly by buying the department office furniture which is great help and relief to the facility (hospital). Just but a few items that the facility has to procure and facilitate the department like ensuring that there are working BP machines and other essentials.

- Voluntary counselling and testing (VCT)

This is department that came into existence during this item of transition. Most of its requirements are donor funded e.g. the testing kits and so on. The bit that paused a challenge to this department was on lack of furniture and office space. Currently the department is housed in a tent that was donated by USAID which is not sufficient as the service rendered in this department requires a lot of privacy and confidentiality. This makes it hard for the department to operate optimally as expected. Although the staffs for the department carry out their duties with high integrity and observing professionalism which serves as the reason as why the department still performs in excellency.

There are some fundamental needs that this facility currently is facility which is a pause many operational challenges. If these challenges or needs are met, then the facility would be in a better condition and place as well as become in a state where effective services can be rendered. Some of these are:

- No security wall/perimeter wall.

For the lack of the security wall exposes the hospital to many risks which can be avoided or get controlled could the security wall be in place. This financial year there has been arguments with herders who have been trespassing and have their livestock graze from within the hospital compound. Which has seen the guards who are support staffs face it hard in ensuring that such activities do not happen. Also, there has happened to be theft attempts by individuals from within the surrounding to the facility. This could be easily managed if a perimeter wall was in place. Also there are cases where people can walk from any direction they wish and cannot be restricted. Other challenge that needs to be addressed faster is the lack of walkway path. This assist in wheeling clients who are unable to walk by themselves but can only move by the help of another person. This can be possible only if the hospital structures are interlinked by the concrete walkway

path. As this make it easier to wheel the patient on wheel chairs or trollies which they comfortably move on concrete paths or areas.

As management we are advocating for the face-lifting of the facility so that all the necessary items or structures are put in place to easy operations and make service rendering efficiently.

VII. Environmental And Sustainability Reporting

Samburu 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.

Sustainability strategy and profile

Samburu sub county hospital exist to provide health services to the community. Its located in an area whose approximated population is about twenty-four thousand. The location is made up of three wards i.e. Mwavumbo, Macknon road and Samburu Chéngoni wards. The facility is located in a place where is prone to road traffic accidents since it's near the Mombasa Nairobi highway. Many times the facility has received mass accidents cases which makes it very unique from other facilities within the county. Such incidences have served as good and elaborate examples that the facility is stretching a lot to accommodate what is beyond its capacity.

Such incidences have as well served as eye opener to the hospital management as well as the county administration because in most cases when such incidents occur the facility gets overwhelmed to serve the clients since there is lack of casualty department or area instead, the hospital has an injection room which serves as the emergency or casualty wing for the hospital. The management of the hospital therefore appeals to the county government to put into consideration the need to improve the facility right from infrastructure, human resource as well as equipping the various departments already in existent and also bring or start other departments that are vital for a level four hospital. Currently the facility being a level four facility lacks mortuary department, dental department and many more others. This makes it to be a challenge that the facility cannot serve its clients to full capacity.

Currently a number of departments that are recently established are performing well which have as well improved the face of the facility or improved the reputation of the hospital from its former status. The theatre department which was not fully operational, currently its performing some of the procedures that are normally done in well-established hospital but as a facility we have been able to start offering such services in high standards that can be acceptable to the world class. Other areas that are currently doing good are like the laboratory which has a number of machines that enables it conduct complicated tests such as the full haemogram liver functional tests etc.

i) Environmental performance

Samburu sub county hospital currently is operating in an open area i.e. the facility is not having a wall that can serve as a clear demarcation for its land where its situated. As for this financial year, the management got involved much in repairing of damaged chain-link fence where most part of its poles had been destroyed as well as vandalized metallic posts. This created a leeway where domestic animals could encroach and feed within the facility compound as well as having people trespassing. This posed a lot of dangers to the staffs especially those who work on night shifts. Also there are cases of wild animals passing through the hospital compound, e.g. elephants which exposes the facility and its staffs into dangers.

The location and planning of the facility is important since as of now the facility doesn't have an incinerator or burning chamber. As a facility, since the budget for the facility is limited such that repairing of the fault burning chamber (since there is one which is faulty) is expensive and the costs are near to that of a new one, its therefore the work of the management to lobby to the county to have the burning chamber repaired or have a new one constructed. As management to the facility, a survey has been done by the public health department which recommends that a new burning chamber has to be constructed in a convenient location where its placed away from the wards as well as near the maternity department to prevent fumes that is hazardous as well as awkward smell whenever wastes are burnt. Therefore, the current burning chamber has to be brought down and have the place level as well as cleaned for safety.

The facility management has also come up with a proposal to have well-constructed pit latrine so that expired drugs can get disposed of safely, we as well lobby for the facilitation on this since the facility budget cannot sustain these costs. This shall help to keep the environment free from hazardous drugs as well as free from sharp objects like syringes.

It has been challenging to have the expired drugs and used sharps like syringes kept for quite some time and then inform the department of public administration to come and collect the filled up safety boxes to go and dispose them, a practice which in many occurrences, the process has not been effective since there has been delays to execute the same. This has made sometimes to have bad odour in the compound due to the presence of organic wastes which might start decomposing even before collection for the wastes is done by the concerned department.

ii) Employee welfare

Samburu hospital has a number of departments that are manned by experienced and qualified staffs, this is evident through the service that the departments offer to the clients as well as the handling of the clients. Compliments have been made to a number of departments from the community or clients as far as service delivery is concerned.

These staffs are centrally recruited from the county public service board upon a particular department placing a request with the county public service board which in turn advertises to the public and do the interview on behalf of the needy department. As Samburu, we have experienced a balanced distribution of staffs almost in all the departments i.e. the staffs in Samburu are well distributed in terms of gender and tribe at large. The facility enjoys the presence of almost all of the tribes that are in the county as well as in the country as a whole.

The county government has made it possible to have its staffs get motivated in their work since yearly almost all carders have a training for its personnel which gives a room for development and equipping of the staffs for better service delivery. The county government occasionally conducts appraisals for its staffs which serve as a basis for promotions as well as fact-finding the need for training of the staffs in their areas of need this helps to have the staffs to work harder in order to achieve self-set objectives as well as departmental objectives thus ensuring of quality service delivery.

iii) Market place practices-

a) Responsible competition practice.

As Samburu team, this year, the facility happened to organise some outdoor activities i.e. outreaches. The facility being surrounded by a number primary health service provider has its catchments reduced significantly but since it's the main hospital in the locality, still it sometimes experiences an influx of clients especially young children. This has necessitated the facility to organise for the outreaches where children below five years can get vaccinated right from their homes. As a result, there is room for feedback from the community which serves as a niche to outweigh the same service providers which are privately owned. Through the outreaches, a bigger population gets served while in their local villages. Due to the outreaches, there happens to have a chance to have like community dialogue which serves as a better means to make sure that the facility stands uncompromised as far as service delivery is concerned.

b) Responsible Supply chain and supplier relations

Throughout this financial year the facility has maintained timely paying its creditors on time. Through the help of the county government treasury, it has been possible to have the facility to do all what it takes to ensure that there are no stock outs in the facility then having been the trend that at the end of the month a compilation of all the incurred debts by the facility are served to the county treasury for payment. This has made it possible to have creditors or supplies build a good relationship with the hospital. This has ensured that there is no service delivery interruption caused by lack of supplies in the facility. All the departments work in harmony to ensure that requisitions are done in good time and have the orders executed timely in order to have deliveries as expected. Upon delivery of the ordered goods, a subcommittee is set to inspect the goods to certify whether they are the ones that had been requested with the end user department being the team leader during the inspection. This is to ensure that quality goods or services are delivered as per the given details of the requestor.

c) Responsible marketing and advertisement

Being a public entity, the hospital relies on programs that are scheduled sometimes by the county as well as at facility level to make sure that the services of the facility and the existence of the facility itself is made known within its surroundings. Such activities that sometimes are organised by the county government are like mass nets distribution which is initiated by the national government and have the county government run it. This serves as a way of making sure that the hospital is known thus making it outstanding in the market

d) Product stewardship

It's the duty of the management to ensure that whatever is received in the facility by a client is safe and good for use by human, otherwise throughout the financial year the management has been vigilant to ensure that all points of service are free from contamination as well as open to the public at large for accountability and transparency. Through talks with clients to open up concerning the services delivered and the environment under which these services are offered, it has been the very means to have the rights of the clients upheld.

iv) Corporate Social Responsibility / Community Engagements

Samburu sub county Hospital is in charged with the responsibility to provide and promote quality curative and preventive healthcare services to the community within its environs and without.

The various activities/corporate social responsibilities to the community include the following which are meant to facilitate or enhance health care services;

MCH (Maternal Child Health)-the sub department is endowed with the responsibility of conducting the following services in the facility; health talks, health education, health promotion, vaccination services to both adults and children.

Outreach services, the facilities do conduct outreaches to the locals in order to either do vaccinate or do the health education.

The facility staffs also are sometimes taken for trainings and seminars to have their capabilities strengthened in order to enhance better service delivery to the community. Through donations from NGOs and other donors do take part in making sure that the facility is provided with incentives to enhance superior quality services by sponsoring data review programmes.

VIII. Report of The Board of Management

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

Principal activities

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

Results

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

Board Of Management

There was no board of management during this financial year.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Dr. Jusphe Mriphe Mwahanje.

Secretary of the Board

IX. Statement of Board of Management's Responsibilities

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

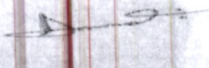
The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining 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 *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/06/2022 and signed on its behalf by:


.....
David Mnyaka Chajembe

**Chairperson
Board of Management**


.....
Jusper Mriphe Mwahanje.

Accounting Officer

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SAMBURU SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF KWALE

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and 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 purposes.
- 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 under 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 Samburu Sub-County Level 4 Hospital – County Government of Kwale set out on pages 1 to 41, which comprise 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 Samburu Sub-County Hospital – County Government of Kwale as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012 and Health Act, 2017.

Basis for Qualified Opinion

1. Variances in Rendering of Services

The statement of financial performance reflects Nil amount on rendering of services - medical service income as disclosed in Note 9 to the financial statements. However, audit revealed that income from rendering of services was deposited in M-pesa Account but the M-pesa statements and daily or weekly collection summary reports were not provided for audit.

In the circumstances, the accuracy and completeness of the rendering of services-medical service income amounts could not be confirmed.

2. Undisclosed Inventory Balance

The statement of financial position reflects Nil balance on inventories as disclosed in Note 22 to the financial statements. However, the Hospital had inventories for pharmaceuticals and non-pharmaceutical of undetermined value in stock as at 30 June, 2022 which were not disclosed in the financial statements. Further, the Hospital did not conduct a stock take to determine the value of the inventories.

In the circumstances, the accuracy and completeness of the Nil inventories balance could not be confirmed.

3. Variances in Receivables from Non-Exchange Transactions

The statement of financial position reflects Nil balance for receivables from non-exchange transactions as disclosed in Note 21 to the financial statements. However, records held by National Health Insurance Fund (NHIF) indicate that it owed the institution an amount

of Kshs.507,500 as at 30 June, 2022 resulting to an unexplained variance of Kshs.507,500.

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

4. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.594,038 in respect of assets which were purchased within the financial year. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.594,038 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for 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. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital

did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by seventy-three (73) staff requirements or 72% of the authorized establishment.

Mandatory Requirements	Level 5 Standard Requirements	Hospital Staff	Variance	Percentage %
Medical Officers	16	5	11	68
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	23	52	69
Total	101	28	73	72

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

Service	Level 4 Hospital Standard	Actuals In the Hospital	Variance	Percentage %
Beds	150	40	110	73
Resuscitative (2 in labor & 1 in Theatre)	2	2	0	0
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional operational theatres- Maternity & General	2	1	1	50

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

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

2. Lack of Quarterly Revenue Reports

The statement of financial performance reflects Nil balance in relation to the rendering of services -medical income as disclosed in Note 9 to the financial statements.

However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of 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.

3. Revenue Safeguards and Controls

The statement of financial performance reflects Nil balance in relation to the rendering of services - medical income as disclosed in Note 9 to the financial statements. However, it was noted that there was no segregation of duties in revenue collection because the same person receives revenue, issues receipts and carries out the banking of revenue. This is contrary to Regulation 63. (1(a)) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that- (a) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

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

4. Failure to Maintain Fixed Assets Register

The statement of financial position reflects balances of Kshs.594,038 in respect to property, plant and equipment as disclosed in Note 23 to the financial statements. However, it was noted that the Hospital does not maintain fixed assets register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed and Management was in breach of the regulations.

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 matter described in the Basis for Conclusion on 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 governance were not effective.

Basis for Conclusion

Lack of Hospital Management Board

During the year under review the Hospital operated without a Board of Management that is supposed to direct the Hospital in achieving its strategic objectives.

In the circumstances, the Hospital will not achieve its strategic objectives.

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 processes and systems of internal controls, risk management and 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 Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 its 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.

Those charged with governance are 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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls 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 noncompliance. Also, projections of any evaluation of

effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

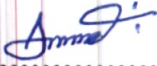
01 July, 2024

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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,120,000	-
In kind contributions/ donations from the County Government	7	93,234,850	-
Transfers from other Government entities	8	-	-
Revenue from exchange transactions			
Rendering of services- Medical fees	9	-	-
Other income	10	-	-
Revenue from exchange transactions			
Total revenue		94,354,850	-
Expenses			
Clinical costs	11	16,530,138	-
Employee costs	12	72,630,232	-
Remuneration of directors	13	-	-
Depreciation and amortization expense	14	84,863	-
Repairs and maintenance	15	907,567	-
General expenses	16	4,483,979	-
Finance costs	17		-
Total expenses		94,636,779	-
Other gains/(losses)			
Gain on sale of assets	18	-	-
Impairment loss		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		(281,929)	-
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			
			-

(The notes set out on pages 9 to 39 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on **30/06/2022** and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



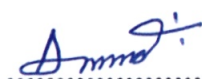
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Medical Superintendent

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

DESCRIPTION	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	492	-
Receivables from non-exchange transactions	21	-	-
Inventories	22	-	-
Investments		-	-
Total Current Assets		492	
Non-current assets			
Property, plant and equipment	23	594,038	-
Intangible assets	24	-	-
Investment property	25	-	-
Total assets		594,530	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	26	312,601	-
Provisions	27	-	-
Non-current liabilities			
Non-current provisions	28	-	-
Total liabilities		312,601	-
Reserves			-
Accumulated surplus		(281,929)	
Capital Fund			
Total Net Assets		(281,929)	-
Total Net Assets & Liabilities		594,530	

The notes set out on pages 20 to 33 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 30/06/2022 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



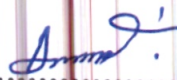
Medical Superintendent

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020					
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained ea	-	-	-	-	-
At June 30, 2021	-	-	-	-	-
At July 1, 2021	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/(deficit) for the year	-	-	(281,929.00)	-	(281,929.00)
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained ea	-	-	-	-	-
At June 30, 2022	-	-	(281,929.00)	-	(281,929.00)

The notes set out on pages 20 to 33 form an integral part of the Annual Financial Statements

The Hospital's financial statements were approved by the Board on 30/06/2022 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

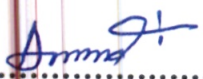
XIV. Statement of Cash Flows for The Year Ended 30 June 2022

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		1,120,000	-
Grants from donors and development partners			-
Transfers from other Government entities		93,234,850	-
Public contributions and donations			-
Rendering of services- Medical Service Income			-
Revenue from rent of facilities			-
Finance / interest income			-
Other receipts			-
Total Receipts		94,354,850	-
Payments			
Medical/Clinical costs		16,530,138	-
Employee costs		72,630,232	-
Board of Management Expenses		-	-
Repairs and maintenance		907,567	-
Grants and subsidies		-	-
General expenses		4,483,979	-
Finance costs		3,499	-
Depreciation & Amortization		84,863	-
Total Payments		94,636,779	-
Net cash flows from operating activities	29	(281,929)	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		678,900	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-

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

Net cash flows used in investing activities		678,900	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents		396,971	-
Cash and cash equivalents at 1 July 2021	27	-	-
Cash and cash equivalents at 30 Jun 2022	27	492	-

The notes set out on pages 20 to 33 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30/06/2022 and signed on its behalf by:


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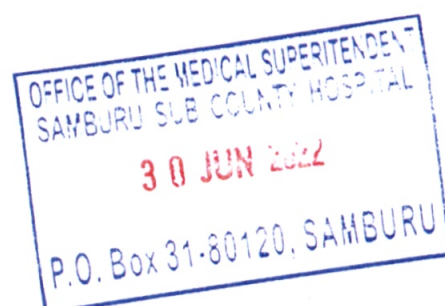
Chairman
Board of Management


.....

Head of Finance
ICPAK No:


.....

Medical Superintendent



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

Description	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	14,395,000	(2,257,000)	12,138,000	1,120,000	11,018,000	-
Grants from donors and development partners	-	-	-	-	-	-
Inkind Contribution from County Government	-	-	-	93,234,850	(93,234,850)	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	-	-	-	-	-	-
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Other receipts (<i>specify</i>)	-	-	-	-	-	-
Total income	14,395,000	(2,257,000)	12,138,000	94,354,850	11,018,000	-
Expenses						
Medical/Clinical costs		-		16,530,138	212,600	-
Employee costs		-		72,630,232	(72,630,232)	-
Remuneration of directors	-	-	-			-
Repairs and maintenance		-	-	907,567	(907,567)	-
Grants and subsidies	-	-	-	-	-	-
General expenses		-	-	4,483,979	(4,483,979)	-
Finance costs		-	-	3,499	16,501	-
Depreciation	-	-	-	84,863	(84,863)	-
Total Expenditure				94,636,779	(94,636,779)	
Surplus for the period	14,395,000	(2,257,000)	12,138,000	(281,929)	-	-

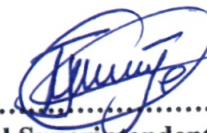
The notes set out on pages 20 to 33 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30/06/2022 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



.....
Medical Superintendent

XVI. Notes To the Financial Statements

1. General Information

Samburu 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. The entity's principal activity is to provide both curative and preventive health services.

2. Statement Of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies.

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

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

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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.
IPSAS 42: Social Benefits	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: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

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

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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:

	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.
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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.

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.

b) Budget information

The original budget for FY 2021-2022 was approved by the county assembly on 1/07/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of ~~xxxx~~ on the FY ~~xxx~~ budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c) Taxes

Sales tax/ Value Added Tax

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

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

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.

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.

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

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.

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.

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.

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

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.

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

Samburu Sub-County Hospital (Kwale County Government)
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future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	1,120,000	-
Total government grants and subsidies	1,120,000	-

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Kwale County Government	1,120,000	-	-	1,120,000	-
Total	1,120,000	-	-	1,120,000	-

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	72,630,232	-
Pharmaceutical and Non-Pharmaceutical Supplies	10,162,421	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	10,442,197	-
Total grants in kind	93,234,850	-

8. Transfers From Other Government Entities

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

9. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-

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Farewell home services	-	-
Other medical services income	-	-
Total revenue from the rendering of services	-	-

10. Other Income

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

11. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	57,700	-
Laboratory chemicals and reagents	382,397	-
Public health activities	-	-
Food and Ration	4,272,921	-
Uniform, clothing, and linen	167,125	-
Dressing and Non-Pharmaceuticals	1,134,990	-
Pharmaceutical supplies	10,162,421	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	352,584	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs-Sanitary Items	-	-
Total medical/ clinical costs	16,530,138	-

12. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	72,630,232	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-

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Annual Report and Financial Statements for The Year Ended 30th June 2022

Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	72,630,232	-

13. Board of Management Expenses

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

14. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	84,863	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	84,863	-

15. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	158,410	-
Medical equipment	461,657	-
Office equipment	233,712	-
Furniture and fittings	25,688	-
Computers and accessories	3,850	-
Motor vehicle expenses	24,250	-

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Annual Report and Financial Statements for The Year Ended 30th June 2022

Maintenance of civil works		-
Total repairs and maintenance	907,567	-

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Annual Report and Financial Statements for The Year Ended 30th June 2022

16. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	-	-
Catering expenses	11,950	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	3,499	-
Conferences and delegations	-	-
Consultancy fees	-	-
Other fuel	-	-
Electricity expenses	100,000	-
Insurance –safety gear	-	-
Research and development expenses	-	-
Travel and accommodation allowance	532,450	-
Legal expenses	-	-
General Office Supplies	813,780	-
Courier and postal services	-	-
Printing and stationery	12,525	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	936,130	-
Skills development levies	-	-
Telephone and mobile phone services	109,820	-
Internet expenses	-	-
Specialized Items	5,600	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices-Office supplies	-	-
Library books/Materials	-	-
Fuel & Lubricants	1,958,225	-
Total General Expenses	4,483,979	-

17. 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	-	-

18. 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	-	-
Total gain on sale of assets	-	-

19. Impairment Loss

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

20. (a) Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	492	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others	-	-
Total cash and cash equivalents	492	-

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Annual Report and Financial Statements for The Year Ended 30th June 2022

20 (b). Detailed Analysis of Cash and Cash Equivalents

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1125806141	246	-
Bank commission not in cash book		246	
Grand Total		492	-

21. Receivables From Non-Exchange Transactions

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

22. Inventories

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

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23. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical	Capital	Total
						equipment	Work in progress	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
At 1 July 2021	-	-	-			-	-	-
Additions during the year	-	-	-	300,000		378,900	-	678,900
Disposals during the year	-	-	-	-	-	-	-	-
Transfers/adjustments during the year	-	-	-	-		-	-	-
At 30 Jun 22	-	-	-	300,000	-	378,900	-	678,900
At 1st Jul 22	-	-	-	300,000	-	378,900	-	678,900
Additions during the period								
Disposals during the period								
Transfer/adjustments during the period								
At 30 Jun 22	-	-	-	300,000	-	378,900	-	678,900
Depreciation and impairment								
As at 1st Jul 2022	-	-	-			-	-	-

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Annual Report and Financial Statement 2019/2020[illegible]

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Table For Depreciation

Item	Depreciation Rate
Land & Buildings	2%
Motor Vehicle	25%
Computer & Related Equipment	30%
Office Equipment	12.5%
Furniture & Fittings	12.5%
intangibles	3yrs

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24. Intangible Assets-Software

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

25. Investment Property

Description	2021/22	2020/21
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation	-	-
At end of the year	-	-

26. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	312,601	-
Employee dues	-	-
Third-party payments	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	312,601	-

27. Current 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	-	-	-	-

28. Non-Current Provisions

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year				-
Additional Provisions				-
Provision utilised				-
Change due to discount and time value for money				-
Less: Current portion				-
Total deferred income	-	-	-	-

29. Cash Generated From Operations

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working Capital adjustments		

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Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables	312,601	
Increase in payments received in advance		
Net cash flow from operating activities	312,601	-

30. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 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	-	-	-	-

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Total	-	-	-	-
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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 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.

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 2022			
Financial assets (investments, cash, debtors)	-	-	-

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Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2022			
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.

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/ (excess cash and cash equivalents)	-	-
Gearing	-	-

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) County Government of Kwale
- iv) Key management;
- v) Board of directors;

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

32. Contingent Liabilities

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

33. Capital Commitments

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

34. Events After The Reporting Period

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

35. Ultimate And Holding Entity

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

36. Currency

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

Samburu Sub-County Hospital (Kwale County Government)
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XVII. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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



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Accounting Officer

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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APPENDIX IV: Inter-Entity Confirmation Letter

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

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name Leonard Mambi Sign [Signature] Date 30/06/2022

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization: Samburu Sub-County Hospital

Telephone Number:0781-95-58-04

Email Address:samburuhospital@gmail.com

Name of Medical Supp: Dr. Juser Mriphe Mwahanje

Name and contact details of contact person (in case of any clarifications) Mr.Leonard Mambo Dalu-0704-45-18-15

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

APPENDIX VI Disaster Expenditure Reporting Template

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

OFFICE OF THE MEDICAL SUPERINTENDENT
SAMBURU SUB COUNTY HOSPITAL

30 JUN 2022

P.O. Box 31-80120, SAMBURU