

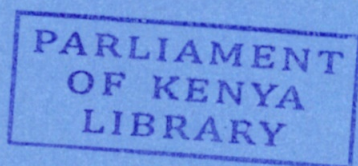
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

KILUNGU SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF MAKUENI





**KILUNGU SUB-COUNTY HOSPITAL Level 4
HOSPITAL
(Makueni County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

DATE	18/09/24
TABLED BY	M. leader
COMMITTEE	—
CLERK AT THE TABLE	Angela
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Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

I. Key Entity Information and Management

(a) Background information

Kilungu sub county hospital is a level (4) hospital established under Kenya gazette and is domiciled in Makueni County Government under department of Health Services. The hospital is governed by a Board of Management. It is located in Kilungu sub-ward, Kilungu ward, Kaiti sub county, Makueni County. It was established as a dispensary in the year 1965 and later upgraded to a health Centre and afterwards to Sub County hospital. The facility serves a population of 15,730 and 3,150 households with a monthly workload estimated at 7,100. It serves residents of Makueni County and the neighbouring Kajiado and Machakos counties. The hospital acts as a sub-county referral centre, receiving patients from various health centres within Kaiti sub county.

The facility has 36 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, paediatric outpatient clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services and teaching /training for KMTC students.

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

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to render accessible, affordable and equitable health care services to all citizens and also to promote and participate in provision of integrated and high quality promotive, preventive and curative health care services to all citizens.

Vision

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

Mission

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

Core Values

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

Strategic Objectives

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

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Johnson Ekiru Tukei
2.	Head of finance	Virginia Muthoni
3.	Head of supply chain	Alfred Musyoka
4.	Hospital administrative officer	Loise Ngau
5.	Nursing officer in-charge	Daniel Nganga
6.	Head of pharmacy	Dr. Brian Mbuvi

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

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

The Committee is responsible for:

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

Risk Committee and Audit committee

This committee is domiciled at county headquarters and therefore through the department of health services, it reviews the internal audit reports and ensure corrective actions are taken to safeguard the internal controls of the Hospital's operations.

The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function which include maintaining oversight on internal control systems, provision of general oversight in risk and compliance matters and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework.

Hospital management committee

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

The committee also meets on a quarterly basis where the heads of departments share their quarterly budgets to be approved by the Executive Expenditure Committee.

Executive Expenditure committee

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. It is comprised of the Medical Superintendent as the chairperson, the Health Administrative Officer as the secretary, the Accountant, the Nursing officer in charge, the Pharmacist in charge and the Supply Chain Officer.

County Assembly






The County Assembly enacted the various legislation and performed the oversight required through the County Department of Health Services. They also reviewed the County external audit reports and financial statements of the department as required by the law.

- (f) Kilungu sub county hospital**
P.O. Box 223-90130
NUNGUNI, KENYA
- (g) Entity Contacts**
E-mail: kilunguhospital@yahoo.com
Website: www.go.ke
- (h) Entity Bankers**
Kenya Commercial Bank
Wote Branch.
- (i) Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**



The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) County Attorney**

P.O. Box.78-90300
MAKUENI



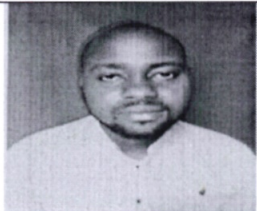

II. The Board of Management


Ref	Directors	Details
1.	 Joseph Muoki - Chairman	Age: 64 years Key qualifications: A-level, Diploma in education Work experience: 40 years, retired principal.
2.	 Daniel Thathi Mwanja – Vice Chairman	Age: 40 years Key qualifications: PHD in Leadership Work experience: 20 years
3.	 Gloria Kimote - Member	Age: 34 years Key qualifications: Bachelors in social work Work experience: 5 years
4.	 Patrick Kyalo - Member	Age: 49 years Key qualifications: Diploma in Civil engineering Work experience: 20 years
5.	 Fredrick Matibu - Member	Age: 74 years Key qualifications: retired approved teacher 1 Work experience: 35 years

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<p>6.</p>	 <p>Johnson Ekiru Tukei - Secretary</p>	<p>Age:38 years</p> <p>Key qualifications: Bachelor of medicine, Bachelor of surgery from University of Nairobi.</p> <p>Work experience: 12 years in Health Care management.</p>
<p>7.</p>	 <p>Loise Ndindi Ngau - Co-opted member</p>	<p>Age:43 years</p> <p>Key qualifications: Masters in Business Administration</p> <p>Work experience: 15 years</p> <p>She is the hospital administrator</p>

III. Management Team

Ref	Management	Details
1.	 Dr. Johnson Ekiru Tukei – Medical Superitendend	Age:38 years Key qualifications: Bachelor of medicine, Bachelor of surgery from University of Nairobi. Work experience: 12 years in Health Care management.
2.	 Loise Ndindi Ngau – Secretary	Key qualifications: Masters in Business Administration Work experience: 15 years She is the hospital administrator
3.	 Dr. Brian Mbuvi Mutua - Member	He holds a Bachelor’s degree in Pharmacy. He is in-charge of Hospital Pharmacy
4.	 Daniel Mwalimu Nganga - Member	He holds a Diploma in nursing. He is the hospital nurse in-charge

5.	 Virginia Muthoni Kaleli – Hospital Accountant	She holds Bachelor of commerce(finance) and CPA Finalist
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IV. Chairman's Statement

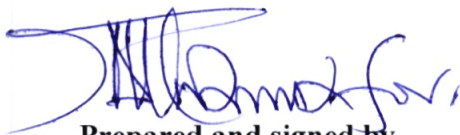
Kilungu Sub County Hospital has experienced significant transformation and progress since I started serving as board chair in the year 2021. With the help of the hospital management committee, the board has assumed a leadership and governing role in order to carry out important strategic choices and operations.

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

The consumption and delivery of hospital services have improved over time, with an average increase in patient volume from 4000 in 2021 to 7,000 in 2022. Additional services offered, dedicated healthcare professionals, a pleasant work environment, and strong community support have all contributed to this.

We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support. This was done through community participation to lobby for projects in the facility to be allocated some finds. Some of the major projects undertaken during my tenure include the installation of Cabros in the Parking area and walkways, completion of the Laboratory department which had stalled for years, construction of the counselling booth

However we still have challenges at the hospital. The Hospital land is not fenced and there is a risk of encroachment from the neighbours. The hospital has no reliable water source, there is need for male and female wards , carbro pavement is missing at the morgue



**Prepared and signed by
Joseph M. Muoki
BOM-Chairman**



V. Report of The Chief Executive Officer

The hospital has tremendously grown both in the service delivery and infrastructure wise. As the Medical Superintendent, I take this opportunity to thank all the BOM members, staff and the entire hospital team for the unity they have shown while trying to improve the hospital.

The hospital has tremendously grown both in the service delivery and infrastructure wise. Investments in health are driven by health programs and investment areas, and well-known components of WHO's health system. These are adequate human resources for health, efficient service systems, adequate healthcare infrastructure, access to essential health products, adequate health information, adequate healthcare financing and comprehensive health governance.

1. Service delivery

In this financial year, we have taken great steps in ensuring improvement in the services offered in the facility through weekly clinical meetings to improve patient care and safety. Medical outpatient clinics ran by the medical officers has improved care and management of patients. Weekly continuous medical education meetings have continued to build skills and knowledge among staff. Outreaches for patients with Lifestyle diseases has been going on in the community supported by Medronics has an improvement on management of patient with diabetes and hypertension

2. Governance and leadership

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

3. Health infrastructure

There has been a great improvement in the last one year in Kilungu Sub County. In the last financial year the county Government was able to fund the hospital parking and pavement Cabro parking to the tune of Ksh 6m. The Laboratory which had stalled for some years was also completed and is now operational. We also saw the funding and construction of the counselling booth in the hospital. All these have gone a long way in improving service delivery to the community

4. Human resource for health

Additional recruitment of staff in various departments has greatly affected the performance of the hospital. We have physiotherapist, additional pharmaceutical technologist, laboratory technician, who have been recruited by the health department to support and ensure continuous service delivery.

5. Health commodities and vaccines

There were major challenges with the supply of goods during the fiscal year. Stock outs of essential non-pharmaceutical items like gloves and laboratory supplies have happened on occasion.

6. Healthcare financing

We have improved in revenue collection from Ksh 19,430,129 in 2020//2021 to Ksh 23,184,759. This is through prudent revenue collection methods, having cash less payments mode and automation of processes. The absorption rate has also improved from Ksh 17,019,955 to Ksh 22,236,917

7. Health information

Through the use of a hospital management and information system, we have automated the outpatient services, considerably enhancing hospital workflow efficiency. Patient satisfaction has increased as a result of improved patient data management, quick turnaround times, and easy retrieval of records.


However we still face challenges namely; 1). Poor water supply, 2) Staff shortage especially nurse, laboratory technicians, medical officers, Pharmaceutical technologist, 3). Shortages in pharmaceutical and non-pharmaceutical commodities, 4). Hospital has no fence 5).. Asbestos roofing 6) No wards

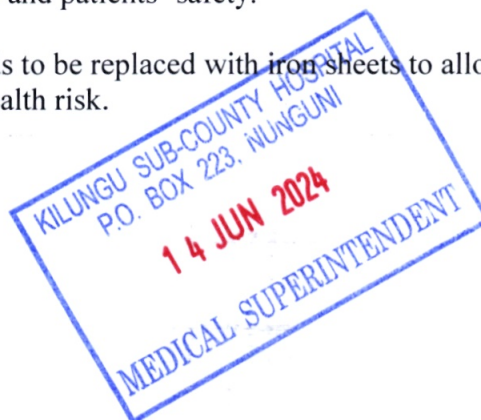
WAY FORWARD

The county needs to employ more staff in order to mitigate the acute shortages currently observed.

In addition, the hospital fencing needs urgent intervention as this poses a greater risk to the safety of the health commodities and patients' safety.

The asbestos roofing needs to be replaced with iron sheets to allow water harvesting for the hospital and reduce the health risk.


Prepared and signed by
Dr. Tukey Johnson
Medical Superintendent.



VI. Statement Of Performance Against Predetermined Objectives

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

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

Strategic Objectives

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

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

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

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

VII. Corporate Governance Statement

The Hospital has got a Hospital management Board which was gazette on 26th March 2021 via gazette Vol CXXIII No 59

The Board members are as follows

1. Joseph Makewa Muoki-Chairman
2. Daniel Mwanja Thathi
3. Patrick Kyalo
4. Gloria Kimote
5. Fredrick Matibu
6. Vincent Kithuku
7. Medical Superintendent
8. Sub County MOH-EX Officio
9. Sub County Administrator-Ex Officio
10. Deputy County Commissioner-Ex Officio

SELECTION OF BOARD MEMBERS

7 or 9 members appointed by the County Executive Committee of Health (CEC).

Members, apart from the ex-officio, shall hold office for a period of three years.

Members are eligible for appointment for one further term.

Members must hold at least an O-Level certificate of education or its equivalent.

Members should reside or work in the hospital's service area.

Administration representative.

County Director of Medical Services/ Sub- County Medical Services Officer or representative.

Medical Superintendent/ Officer of Health In-Charge - who shall be the Secretary

The following shall also be adhered to

1. One person with knowledge and experience in finance and administration matters.
2. One person nominated by women's groups
3. One person nominated by the Faith-Based Organizations.
4. Two persons nominated by recognized Community Based Development Organizations of whom one shall be a woman.

ORGANIZATION OF THE BOARD

- Chairperson – Appointed by the County Executive of Health (CEC).
- Secretary – The Hospital In-charge.
- 3 Standing sub-committees:
 - *Finance and General Purpose sub-committee.*
 - *Quality of Health Care Services sub-committee.*
 - *Audit sub-committee.*
- HMB Chair, Secretary and Chairs of sub-committees may form an ad hoc committee to deal with an emergency.

Finance and general purpose Sub committee

- a) Review targets for the facilities, compare actual collections vs targets
- b) Review expenditure plans for facilities and ensure they are being spent in accordance with the plans and AIEs
- c) Review financial aspects of long term and annual development plans

Quality of health care sub committee

- a) Review targets for the facilities, compare actual collections vs targets
- b) Review expenditure plans for facilities and ensure they are being spent in accordance with the plans and AIEs
- c) Review financial aspects of long term and annual development plans

Audit sub committee

- a) Ensure revenue collected is banked 100%
- b) Arrange for external audits
- c) Review financial reports

RESPONSIBILITIES OF THE CHAIRMAN

- a) Convening HMB meetings in conjunction with the Secretary.
- b) Presiding over HMB meetings.
- c) Overseeing the formation of sub committees and the integration of their activities with the work of the Board.
- d) Ensuring effective development of HMB members.
- e) Ensure evaluation of the Boards effectiveness and implementation of activities and goals.
- f) Planning for leadership succession.

RESPONSIBILITIES OF THE SECRETARY

- a) Keeping accurate records of HMB meetings, attendance, decisions, long term plans and goals, and policies.
- b) Setting meeting schedules and preparation of minutes and circulating meeting materials.
- c) Communicating key policy decisions to the hospital teams and HMB
- d) Planning for leadership succession.
- e) Maintaining HMB policy and other resource manuals

RENUMERATION OF MEMBERS

- Sitting allowances are determined by the Permanent Public Service Remuneration Review Board.
- Details disseminated through administrative circulars to be issued from time to time by the County or MOH.
- The allowances are paid using the following rates

Description	chairman	members
	KShs	KShs
Sitting allowance	3,500	2,000
Travel and accommodation allowance	3,000	3,000
Total	6,500	5,000

CONFLICT RESOLUTION AMONG MEMBERS

Conflicts among members is mediated by **CHMT** and shall be resolved as follows:

- a) The issue of conflict among the members shall be included in the agenda for the regular meeting, or a special meeting will be convened for the same.
- b) The members involved in the conflict shall attend the meeting in person
- c) The members shall deliberate to resolve the issues during the meeting

BOARD CHARTER

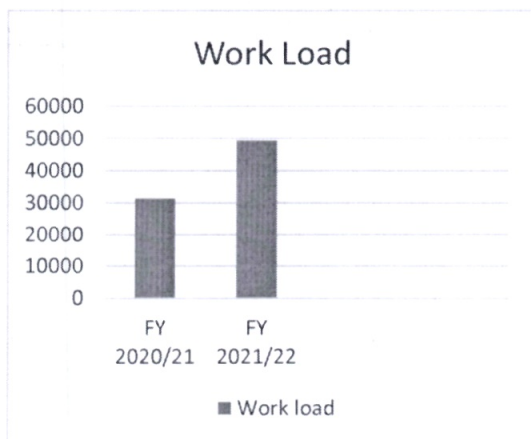
There is no Board Charter in Place

VIII. Management Discussion and Analysis

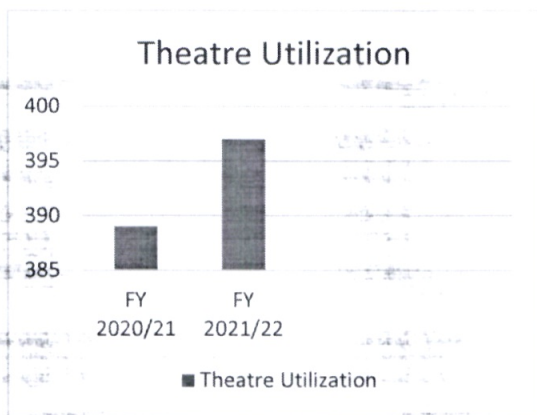
Clinical/operational performance

Kilungu sub county hospital has 36 Bed capacity of the hospital. The overall patient attendance during the year for both inpatient and outpatient was 1,451 and 49,317 respectively. Average hospital stay is 5 days with bed occupancy rate of 90%. Surgical theatre utilisation on average of 30 major cases and 5 cold cases monthly. We have partnered with various partners namely;

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

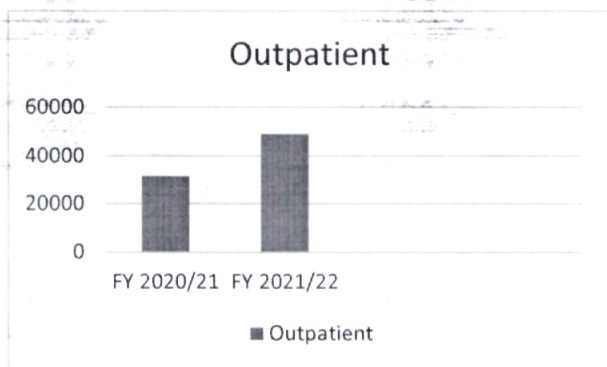


In the current year the hospital work load increased from approximately 31,000 cases to 50,000. This was contributed by improved health services provision and additional specialised services introduced in the year.

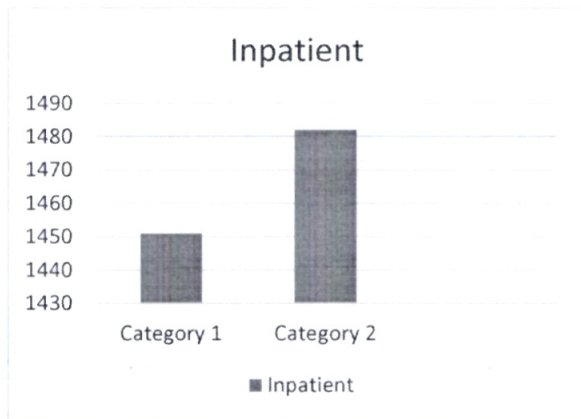


Theatre utilisation services increased from 389 to 397 cases. This was contributed by expansion of services, to accommodate increased deliveries and surgical cases and hence reducing referrals.

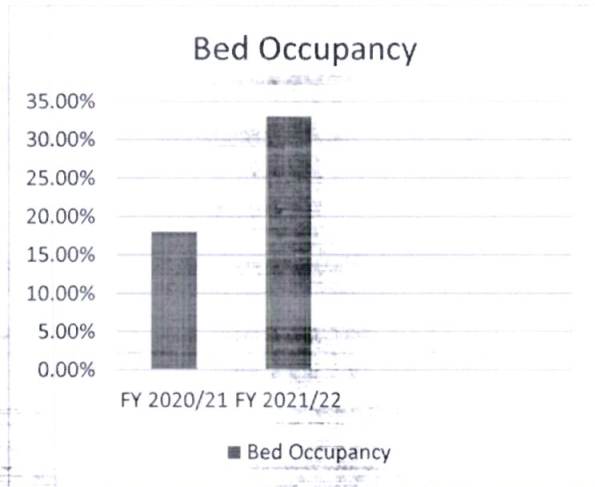
The outpatient workload grew from 31,421 to 49,312. This was contributed by increased utilisation of the services by the community due to expanded services and improved quality services



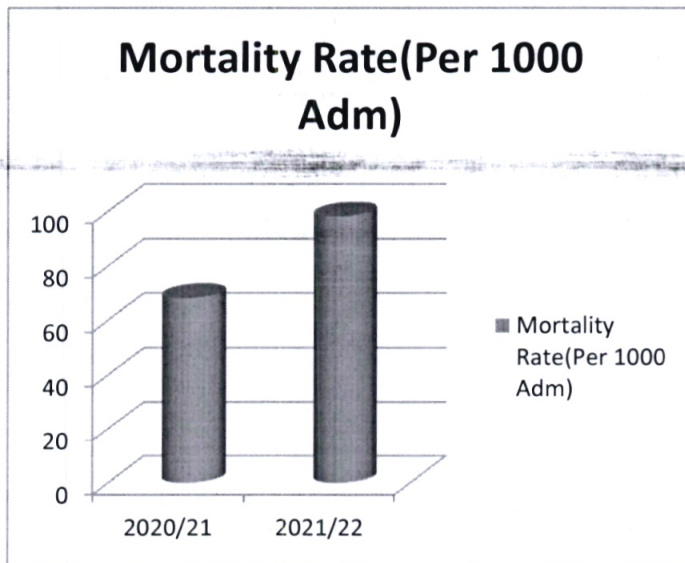
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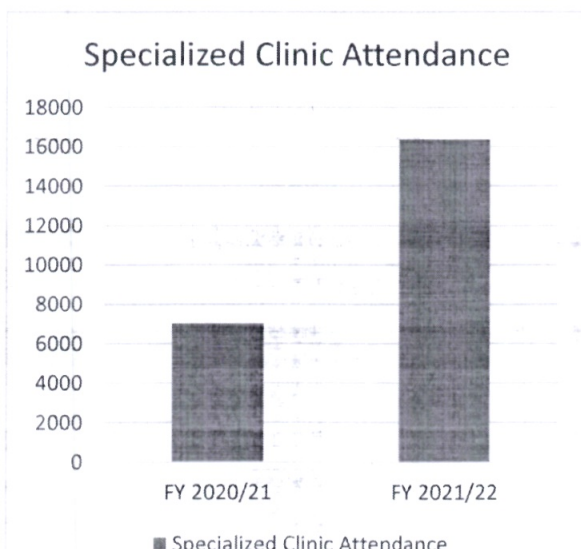
The Inpatient workload grew from 1451 to 1482. This was contributed by increased utilisation of the services by the community due to expanded services and improved quality services



In FY2021/22 the bed occupancy rate increased from 18% to 32%. This was contributed by COVID 19 cases, that called for admission of patients for further management.



The number of mortalities grew in the current year as result delay in patients' accessing health care services as well as increased cases of COVID 19.



The number of specialised clinic attendance grew in FY2021/22 compared to FY2020/21. This was as a result of expanded health services and therefore patients are able to access specialised clinics at low costs.

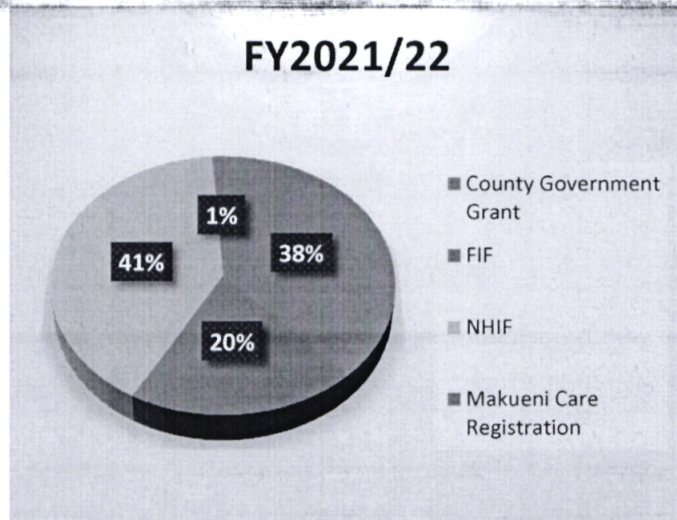
Financial performance

Health care Financing remain a key pillar to support health care provision in health facilities whether public or private. Kilungu Sub County Hospital has different sources of revenue, this include own source revenue generated from rendering of medical services and Transfers from county government. In the current FY2021/22 the hospital received revenue mainly from County Government allocation to support Universal Health Care program and Revenue from services rendered by the facility.

The facility has partnered with government Agencies E.g. National Health Insurance Fund(NHIF), Edu Afya and Linda Mama program to support their clients in provision of health care services, this has expanded hospital revenue base. Additionally, the hospital collects cash from patients who are neither registered under NHIF, Edu Afya, Makueni Care nor Linda Mama.

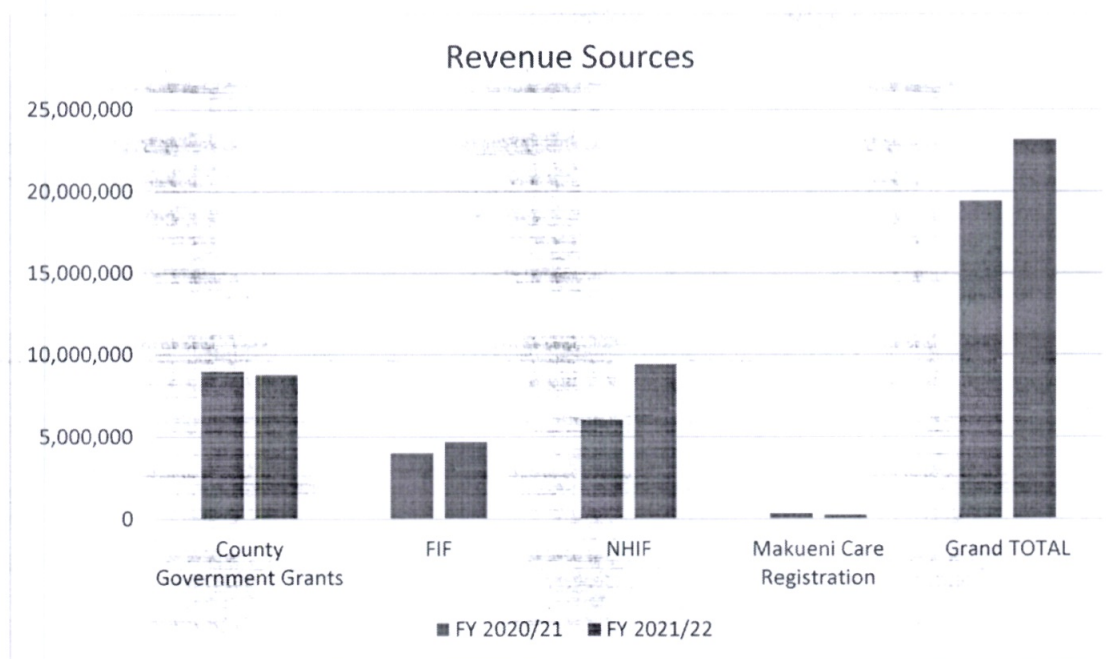
Revenue sources

Revenue Stream	FY2020/21	FY2021/22
County Government Grant	9,000,000.00	8,800,000.00
FIF	4,022,660.00	4,699,558.00
NHIF	6,045,469.00	9,435,201.00
Makueni Care Registration	362,000.00	250,000.00
Grand Total	19,430,129.00	23,184,759.00



In the current year the hospital received revenue from four main sources.i.e. NHIF scheme which contributed to 41% of total revenue received, County government grant to support universal Health Care program 38%, Out of pocket costs(FIF) for patients who are not members of NHIF & Makueni Care 20% and Makueni care insurance 1%. The hospital plan to strengthen NHIF, FIF and Makueni Care in order to improve on its revenue base from own source. Transfer from county government is being affected by reduction in budgetary allocation for the department of Health Services and hence to

sustainable.

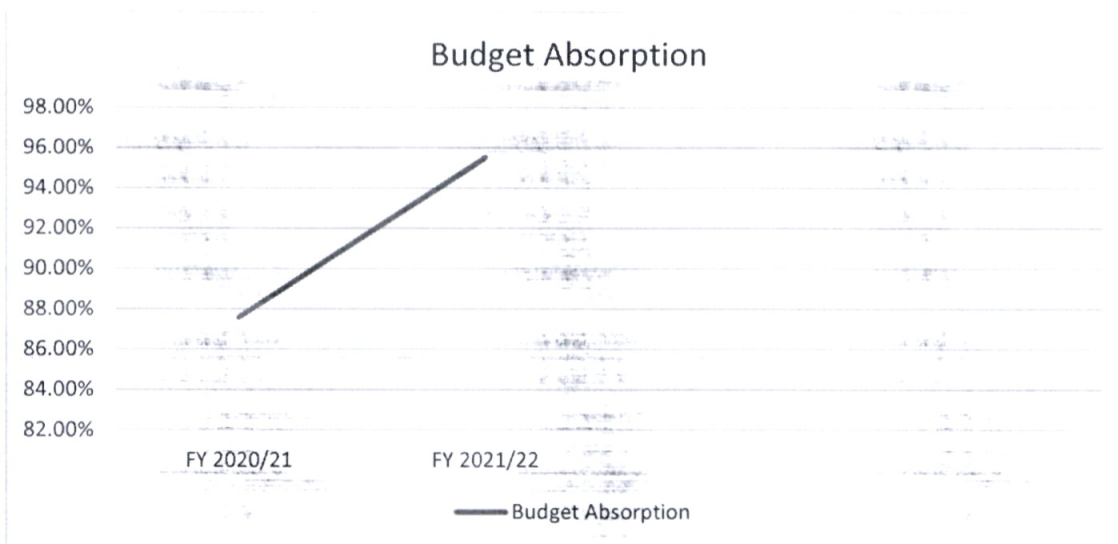


It is notable that there was increase in revenue collection. This was contributed by continued outreaches in schools for Edu afya Insurance, expanded services to accommodate NHIF patients. However, County allocation to support Universal Health Care program dropped by Kes 200,000.00 as a result of reduced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

Budget Utilisation

In the FY2021/22 the hospital budget allocation increased by approximately 4M this was as result of increase in revenue collection. Budget utilisation was at 95.91%. Expansion of services in the hospital contributed to high budget burn rate and therefore need to consider for increased funding from the county government. The table below and graph give an in-depth analysis.

Year	Budget	Expenditure	Budget Absorption rate
FY2020/21	19,430,129.00	17,019,955.00	87.59%
FY2021/22	23,184,759.00	22,236,917.00	95.51%



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

Dr Tukei Johnson Ekiru
Chief Executive Officer - Medical Superintendent

KILUNGU SUB-COUNTY HOSPITAL
P.O. BOX 223, NUNGUNI
14 JUN 2024
MEDICAL SUPERINTENDENT

IX. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

Stakeholder engagement

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

ii) Environmental performance

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

iii) Employee welfare

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

iv) Market place practices

Kilungu sub county hospital has made efforts to promote:

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

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

II. Corporate social responsibility / community engagements

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

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



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

Covid 19 Sensitization at Kilungu Market



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

Malezi bora program at Kilungu primary



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

Breastfeeding Health Talks at Kilungu SCH



Kangaroo Mother care at Kilungu SCH.

I. Report of The Board of Management

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

Principal activities

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

Results

The results of the entity for the year ended June 30 are set out on page 1 to

Board Of Management

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

Auditors

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

By Order of the Board



Dr Tukei Johnson Ekiru
Board secretary- Kilungu sub county hospital



II. Statement of Board of Management's Responsibilities

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

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

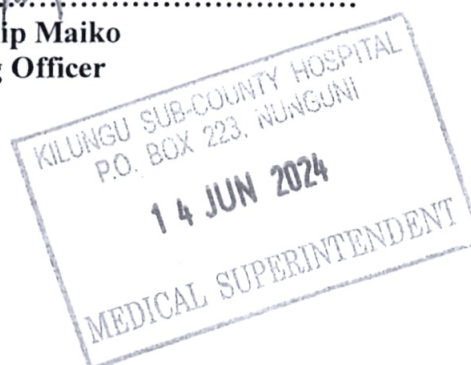
Nothing has come to the attention of the Board of management to indicate that the Kilungu sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 14/6/2024 and signed on its behalf by:

.....
Name: Mr. Joseph M. Muoki
Chairperson
Board of Management

.....
Name: Philip Maiko
Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kilungu Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements presented for audit revealed the following inaccuracies:

- i. The statement of financial performance and Note 11 to the financial statements reflects rendering of services - medical service income amount of Kshs.7,775,575. However, the re-casting of amounts yielded an amount of Kshs.7,470,595 resulting in an unexplained variance of Kshs.304,980,
- ii. Similarly, the statement of cash flows reflects cash flow from rendering of services - medical services income of Kshs.7,775,575 while recast yielded Kshs.7,470,595 resulting in an unexplained variance of Kshs.304,980, and
- iii. The statement of changes in net assets reflects capital/development grants amount of Kshs.17,977,931. However, the capital grants received is not disclosed in the statement of cash flows.

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

2. Non-Disclosure of Property, Plant and Equipment

The statements of financial position reflects property, plant and equipment balance of Kshs.9,416,799 as disclosed in Note 31 to the financial statements. However, review of Hospital records and physical verification revealed various assets including land, buildings and motor vehicles 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.9,416,799 could not be confirmed.

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

The statement of financial performance reflects employee costs of Kshs.8,435,440 for casuals and contractual staff as disclosed in Note 16 to the financial statements. The Hospital received services from twenty eight (28) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.8,435,440 could not be confirmed.

4. Unsupported Inventories Balance

The statements of financial position reflects inventories balance of Kshs.5,289,943 as disclosed in Note 30 to the financial statements. However, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June 2022.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.5,289,943 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Template

Review of the amended financial statements submitted for audit revealed the following instances of non-compliance with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB);

- i. The statement of financial performance has omitted the sub-totals for revenue from exchange transactions and total revenue.
- ii. The statement of financial position has omitted the totals for current assets and current liabilities.
- iii. Note 6 to the financial statement indicate the financial year as 2020/2021 instead of 2021/2022.

In the circumstances, the financial statements as prepared are not in accordance with PSASB prescribed format.

2. Late Submission of Financial Statements

During the year under review, the financial statements were submitted for audit on 6 April, 2023, six (6) months after the statutory deadline of 30 September, 2022. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within three months after the end of the financial year and submit them to the Controller of Budget and the Auditor-General for audit.

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

3. Gender Imbalance in the Board of Management

During the year under review, the Hospital had seven (7) Board of Management members in place. However, out of the seven, only two (2) members were female translating to 29%. This was contrary to the requirements of Article 27(8) of the Constitution of Kenya, 2010 which emphasizes that affirmative action should be considered to address historical imbalances, including those related to gender.

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

4. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects Kshs.7,775,575 in relation to the rendering of services -medical income as disclosed in Note 11 to the financial statements.

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

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

5. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of 73 or 72% of the 101 authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
Medical officers	16	3	13	81
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	25	50	67
Total	101	28	73	72

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

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	36	114	76
Resuscitative (2 in Labor & 1 in Theatre)	5	0	5	100
New born unit incubators	5	2	3	60
New Born Unit Cots	2	2	0	
Functional ICU Beds	6	0	6	100

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with atleast 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	2	0	0

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.

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

In the circumstances, the effectiveness of the accountability processes and internal controls systems could not be confirmed while the Management was in breach of the law.

2. Lack of Risk Management Policy

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

In the circumstances, the effectiveness of risk management processes in the Hospital could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 June, 2024

Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Statement of Financial Performance for the Year Ended 30 June 2022


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	8,800,000	-
In-kind contributions from the County Government	7	12,492,721	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	7,775,575	-
Revenue from rent of facilities	12	24,000	-
Finance /Interest Income	13	-	-
Other income (<i>specify</i>)	14	20,825,177	-
Revenue from exchange transactions		49,917,473	
Total revenue			
Expenses			
Medical/Clinical costs	15	7,747,538	-
Employee costs	16	8,435,440	-
Board of Management Expenses	17	374,000	-
Depreciation and amortization expense	18	2,481,325	-
Repairs and maintenance	19	1,555,428	-
Grants and subsidies	20	-	-
General expenses	21	8,648,344	-
In Kind Contributions	7	12,492,721	
Finance costs	22	-	-
Total expenses		41,734,796	-
Other gains/(losses)			
Gain on disposal of non-Current assets	23	-	-


Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022


Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		8,182,677	-
Attributable to:		-	-
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-

(The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14/6/2024 and signed on its behalf by:


Mr. Joseph M. Muoki
 Chairman
 Board of Management


Kennedy Kimeu
 Head of Finance
 ICPAK No:


Dr. Philip Maiko
 Medical Superintendent



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

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets		-	-
Current assets		-	-
Cash and cash equivalents	27	3,383,726	-
Receivables from exchange transactions	28	11,977,191	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	5,289,943	-
Total Current Assets			
Non-current assets		-	-
Property, plant, and equipment	31	9,416,799	-
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		-	-
Total assets		30,067,659	-
Liabilities		-	-
Current liabilities		-	-
Trade and other payables	34	3,907,051	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Total Current Liabilities		-	-
Non-current liabilities		-	-
Provisions		-	-
Non-Current Finance lease obligation		-	-
Non-Current portion of deferred income		-	-

Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Service concession liability	40	-	-
Total Non-current liabilities		-	-
Total Liabilities		-	-
Net assets		-	-
Revaluation reserve		-	-
Accumulated surplus/Deficit		8,182,676	-
Capital Fund		17,977,931	-
		-	-
Total Net Assets and Liabilities		30,067,659	-

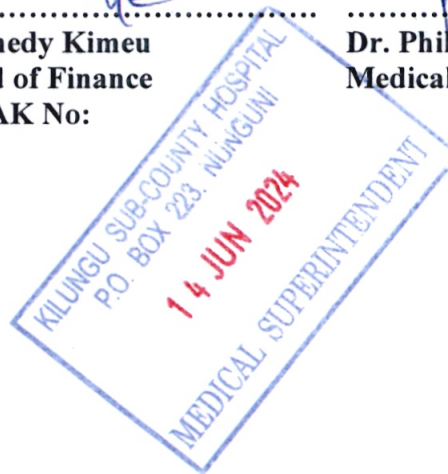
(The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14/06/2024 and signed on its behalf by:

.....
Mr. Joseph M. Muoki
Chairman
Board of Management

.....
Kennedy Kimeu
Head of Finance
ICPAK No:

.....
Dr. Philip Maiko
Medical Superintendent



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

Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	8,182,677	-	8,182,677
Capital/Development grants	-	-	17,977,931	17,977,931
At June 30, 2022	-	8,182,677	17,977,931	26,160,607

(The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 14/6/2024 and signed on its behalf by:

.....
Mr. Joseph M. Muoki
 Chairman
 Board of Management

.....
Kennedy Kimeu
 Head of Finance
 ICPAK No:

.....
Dr. Philip Maiko
 Medical Superintendent



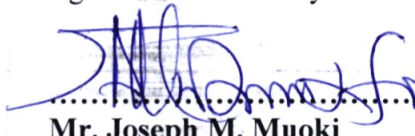
VI. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22 Kshs	2020/21 Kshs
Cash flows from operating activities		-	-
Receipts		-	-
Transfers from the County Government	6	8,800,000	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Rendering of services- Medical Service Income	11	7,775,575	-
Revenue from rent of facilities	12	24,000	-
Finance / interest income	13	-	-
Other receipts(<i>specify</i>)	14	20,825,177	-
Total Receipts		37,424,725	-
		-	-
Payments		-	-
Medical/Clinical costs	15	7,747,538	-
Employee costs	16	8,435,440	-
Board of Management Expenses	17	374,000	-
Repairs and maintenance	19	1,555,428	-
Grants and subsidies		-	-
General expenses	21	8,648,344	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		26,760,750	-
Net cash flows from operating activities	41	2,593,862	-
Cash flows from investing activities		-	-
Purchase of property, plant, equipment, & intangible assets	31	(650,624)	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-

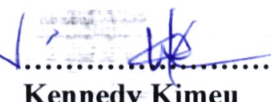
Kilungu sub-county Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Net increase/(decrease) in cash and cash equivalents		1,943,238	-
Cash and cash equivalents at 1 July	27	1,440,448	-
Cash and cash equivalents at 30 July	27	3,383,726	-

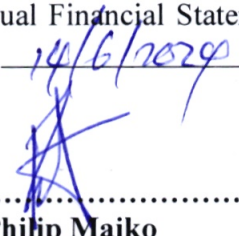
The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14/6/2024 and signed on its behalf by:



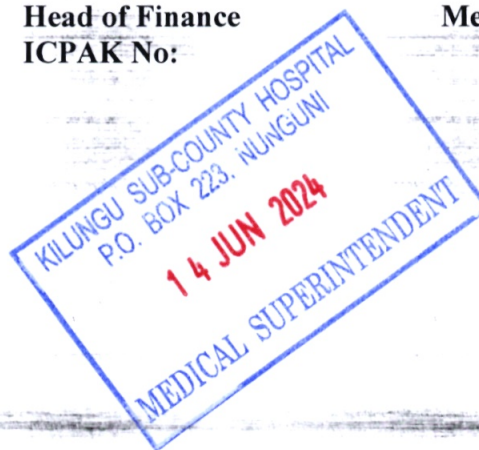
Mr. Joseph M. Muoki
Chairman
Board of Management



Kennedy Kimeu
Head of Finance
ICPAK No:



Dr. Philip Maiko
Medical Superintendent



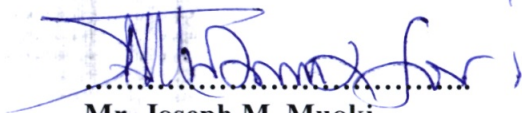
VII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	-	-	-	-	-	-
Transfers from the County Government	8,800,000		8,800,000	8,800,000	-	100%
Grants from donors and development partners	-	-	-	-	-	-
In kind contributions	12,492,721		12,492,721	12,492,721	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	7,775,575	-	7,775,575	7,775,575	-	100%
Revenue from rent of facilities	24,000	-	-	-	-	-
Other receipts (<i>nhif</i>)	20,825,177	-	20,849,177	20,849,177	-	100%
Total income	49,917,473	-	49,917,473	49,917,473	-	100%
Expenses	-	-	-	-	-	-
Medical/Clinical costs	5,644,882	2,200,000	7,844,882	7,747,538	97,344	98%
Employee costs	8,361,700	150,000	8,511,700	8,435,440	76,260	99%
Remuneration of directors	187,010	190,000	377,010	374,000	3,010	99%
Repairs and maintenance	995,622	700,000	1,695,622	1,555,428	140,194	91%
Grants and subsidies	-	-	-	-	-	-
In kind contributions	12,492,721		12,492,721	12,492,721	-	-
General expenses	6,476,071	2,500,000	8,976,071	8,648,344	327,727	96%
Finance costs	-	-	-	-	-	-
Total Expense	34,158,006	-	39,898,006	39,253,471	-	-
Surplus for the period	15,759,467	-	10,019,467	(1,313,189)	-	-
Capital expenditure	969,474	-	969,474	650,624	-	67%

(Budget notes)

Actual funds for other receipts (nhif) differ from the budgets since the budgets are done on quarterly basis hence funds received in the last quarter (april-june) of the financial year ended as at 30th June 2022 were to budgeted in the financial year 2022/2023 and funds received in the last quarter of financial year 2020/2021 (april-june) were budgeted in the financial year 2021/2022.

The notes set out on pages 25 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14/6/2024 and signed on its behalf by:



Mr. Joseph M. Muoki
Chairman
Board of Management



Kennedy Kimeu
Head of Finance
ICPAK No:



Dr. Philip Maiko
Medical Superintendent

KILUNGU SUB-COUNTY HOSPITAL
P.O. BOX 223, NUNGUNI
14 JUN 2024
MEDICAL SUPERINTENDENT

VIII. Notes To the Financial Statements

1. General Information

Kilungu Sub County Hospital is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is patient care.

2. Statement Of Compliance And Basis Of Preparation

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

Notes to the Financial Statements (Continued)

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

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

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	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

Kilungu sub-county Hospital (makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/22

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021-2022 was approved by Board on 13th July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

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

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

Notes to the Financial Statements (Continued)

f) Leases

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

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

Finance charges are recognized as finance costs in surplus or deficit.

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

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

p) Service concession arrangements

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

Notes to the Financial Statements (Continued)

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

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

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.

Kilungu sub-county Hospital (makueni County Government)
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6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants	-	-
Operational grant	8,800,000	-
Level 5 grants	-	-
Other grants	-	-
	-	-
Conditional grants	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	8,800,000	

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
Makueni County Government	8,800,000	-	-	-	8,800,000
Total	8,800,000	-	-	-	8,800,000

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	12,492,721	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	12,492,721	-

(These include payments made directly by the County Governments for staff salaries and medical drugs.

8. Grants From Donors and Development Partners

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

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Notes to the Financial Statements (Continued)

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

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

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	1,677,540	-
Non-Pharmaceuticals	-	-
Laboratory	1,267,800	-
Radiology	760,550	-
Orthopedic and Trauma Technology	1,315,080	-
Theatre	81,400	-
Accident and Emergency Service	69,000	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	67,000	-
Cancer centre service	-	-
Dental services	281,900	-
Health Records	281,900	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	893,800	-
Physiotherapy	-	-
Outpatient	174,425	-
Inpatient	456,500	-
Plaster	-	-
Medical Report	-	-
Records	-	-
Clinics	-	-
Other medical services income	143,700	-
Total revenue from the rendering of services	7,775,575	-

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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property	-	-
Commercial property (Canteen)	24,000	-
Total Revenue from rent of facilities	24,000	-

13. Finance /Interest Income

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

14. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries	20,575,177	-
UHC cards	250,000	-
Income from sale of tender	-	-
Makueni uhc reg recoveries	-	-
Sale of goods (water, publications, containers etc)	-	-
Total other income	20,825,177	-

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22 KShs	2020/21 KShs
Dental & medical costs/ materials	77,770	-
Laboratory chemicals and reagents	658,530	-
Public health activities	-	-
Food and Ration	1,697,268	-
Uniform, clothing, and linen	58,300	-
Dressing and Non-Pharmaceuticals	3,803,390	-
Pharmaceutical supplies	126,550	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	688,650	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	637,080	-
Other medical related clinical costs (in kind contribution)	-	-
Total medical/ clinical costs	7,747,538	-

16. Employee Costs

Description	2021/22 KShs	2020/21 KShs
Salaries, wages, and allowances	7,508,100	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	927,340	-
Employee costs	8,435,440	-

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	374,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	374,000	-

18. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	2,481,325	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	2,481,325	-

19. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	302,320	-
Medical equipment & plant	523,128	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	478,720	-
Motor vehicle expenses	251,260	-
Maintenance of civil works	-	-
Total repairs and maintenance	1,555,428	-

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2021/22 KShs	2020/21 KShs
Advertising and publicity expenses	-	-
Catering expenses	927,408	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	15,608	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	604,345	-
Insurance	-	-
Telephone and mobile services	265,000	-
Research and development expenses	-	-
Travel and accommodation allowance	681,400	-
General office supplies	1,237,263	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	9,450	-
Printing and stationery	1,033,950	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	668,680	-
Skills development levies	-	-

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Description	2021/22	2020/21
	KShs	KShs
Telephone and mobile phone services	-	-
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Refined Fuels	2,821,000	-
Other fuels	384,240	-
Purchase of households	-	-
Other operating expenses (locums)	-	-
Other general expenses (in kind contribution)	-	-
Total General Expenses	8,648,344	-

22. Finance Costs

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

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

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

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

24. Unrealized Gain On Fair Value Investments

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

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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	3,383,726	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	3,383,726	-

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Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account		-	-
Kenya Commercial bank	1144710308	3,378,755	-
Kenya Commercial bank	1162871113	4,971	-
		-	-
		-	-
Sub- total		-	-
b) On - call deposits		-	-
Kenya Commercial bank		-	-
		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account		-	-
Bank Name		-	-
		-	-
Sub- total		-	-
d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
		-	-
Sub- total		-	-
Grand total		3,383,726	-

28. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	11,977,191	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	11,977,191	-

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Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

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

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

30. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	5,224,743	-
Maintenance supplies	3,900	-
Food supplies	17,880	-
Linen and clothing supplies	-	-
Cleaning materials supplies	10,050	-
General supplies	33,370	-
Less: provision for impairment of stocks	-	-
Total	5,289,943	-

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost	-	-	-	-	-	-	-	-
At 1 st July 2021	-	-	-	5,804,500	1,275,000	4,168,000	-	11,898,124
Additions	-	-	-	-	270,800	379,824	-	650,624
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	5,804,500	1,545,800	4,547,824	-	11,898,124
	-	-	-	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	580,450	386,450	1,514,425	-	2,481,325
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	-	580,450	386,450	1,514,425	-	2,481,325
Transfer/adjustment	-	-	-	-	-	-	-	-
Net book values	-	-	-	-	-	-	-	-
At 30 th June 2021	-	-	-	5,804,500	1,275,000	4,168,000	-	11,898,124
At 30 th June 2022	-	-	-	5,224,050	1,159,350	3,033,398	-	9,416,798

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	3,581,051	-
Employee dues	326,000	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	3,907,051	-

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Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

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

36. Provisions

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

37. Finance Lease Obligation

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

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Notes to the Financial Statements (Continued)

38. Deferred Income

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

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

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

39. Borrowings

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

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Notes to the Financial Statements (Continued)

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

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

40. Service Concession Arrangements

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

41. Cash Generated from Operations

	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	8,182,677	-
Adjusted for:	-	-
Depreciation & amortization	2,481,325	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	(11,977,191)	-
Increase in deferred income	-	-
Increase in payables	3,907,051	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	2,593,862	-

Notes to the Financial Statements (Continued)

42. Financial Risk Management

The hospital'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 hospital 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 board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital'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 hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

The 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 hospital 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.

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	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	-	1,236,820	2,344,230	3,907,051
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	1,236,820	2,344,230	3,907,051

(ii) Market risk

The hospital does not have an internal audit unit and therefore rely on County 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 hospital does not face any transactional currency exposures. It purchases goods and services in local currency.

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.

iv) Capital Risk Management

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

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

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43. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Hospital's holding 100% of the Hospital'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 Ministry of Health
- iii) Government of Makueni County
- iv) The County department of Health Services
- v) Hospital Management Committee
- vi) Hospital Executive Expenditure Committee
- vii) Hospital Management Team

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to related parties	-	-
Sales of services to related parties	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-

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d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

44. Events After The Reporting Period

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

45. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of health. Its ultimate parent is the Government of Kenya.

46. Currency

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

