

REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

TUDOR SUB COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2022

MOMBASA COUNTY GOVERNMENT

| PAPERS LAID | |
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| DATE | 19/2/2026 |
| TABLED BY | Mhorthy White |
| COMMITTEE | ← |
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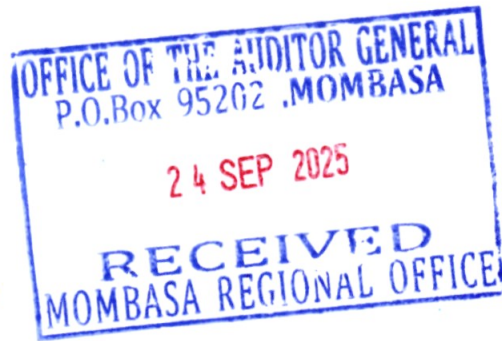
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COUNTY GOVERNMENT OF MOMBASA



Issued 30th June 2022



**TUDOR SUBCOUNTY HOSPITAL
Level 4 HOSPITAL
(Mombasa County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Tudor Sub-County Hospital is a 20-bed capacity KEPH level 4 hospital under Kenya Gazette Notice 11861, and is situated in Mombasa County.

The facility primarily provides maternity services for both out-patient and inpatient with a catchment population of approximately 100,000. The facility is the only public level 4 facility in Mvita and serves part of Nyali and Kisauni Sub-counties. The facility caters for a primary catchment population of over 100,000 people and a secondary.

The facility was built in 1971 as a health centre under the Ministry of Health and sits on 0.85 acres.

The facility was later upgraded to a KEPH level 4 hospital in 2010. Over the years the hospital has seen a lot of development, in range of services

The hospital also offers various medical services, including:

- Antenatal care/Family planning
- Tuberculosis diagnosis and treatment
- Immunization
- HIV counselling and testing
- Integrated management of childhood illnesses
- Curative inpatient and outpatient services
- Youth friendly services
- Specialized out-patient services Paediatrics, Gynaecology and internal medicine

The following are the key strategic goals of the hospital:

1. Eliminate communicable conditions
2. Halt, and reverse the rising burden of non- communicable conditions
3. Reduce the burden of violence and injuries
4. Provide essential health care
5. Minimize exposure to health risk factors
6. Strengthen collaboration with health-related sectors

(b) Principal Activities

Mission

Provide high-quality, responsive, and comprehensive healthcare services to all citizens.

Vision.

A leading hospital with healthy and productive community.

Core Values.

The core values of the hospital include Professionalism, Integrity, Accountability, stakeholders' engagement, Team work, Customer centrisim, Innovation, Embracing human dignity and good governance.

(c) Key Management

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

- County department of health
- County Department of Finance
- Accounting Officer/ Medical Superintendent
- Health 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. Mercy Bruba |
| 2. | Head of finance | Ilham Hashid Saad |
| 3. | Head of supply chain | Maua Shaban |
| 4. | Hospital Administrative Officer/Support services | Hudaa Ali Said- |
| 5. | Hospital Accountant | Ilham Rashid |
| 6 | Human Resource Officer | Nusrat Abdalla |
| 7 | Head Health Records & Information | Paul Wamaru |
| 9 | Head of Pharmacy | Dr. Maryam Mwajumla Hamisi |
| 10 | Head of Clinical Officers | Mansour Mohamed |

(e) Fiduciary Oversight Arrangements

Hospital Management Team. (HMT)

1. Preparing expenditure plans based on revenue estimates considering priorities
2. Receiving monthly reports on collections, waivers, exemptions and use of funds and actions taken where weaknesses have been identified
3. Monitoring collections, waivers, exemptions, expenditures and use of funds
4. Advice on areas to apply waivers, prudent spending, and effective resource mobilization

Executive Expenditure committee. (EEC)

1. Preparing estimates of annual cost sharing revenues
2. Submitting proposed plans to the Medical Superintendent for transmission to the Hospital Health facility management committees identified.
3. Implementing the approved expenditure plans

Infection and Prevention committee. (IPC)

1. Develop, implement, and update infection control policies and procedures to prevent and control healthcare-associated infections
2. Ensure availability of necessary supplies and equipment for infection control and Manage procurement issues related to infection control
3. sensitize healthcare workers on infection control practices, policies, and procedures
4. Identify potential infection risks and develop strategies to mitigate them.

Human Resource Management Advisory committee. (HRMAC)

The committee ensures that HR policies and practices comply with relevant laws and regulations, such as employment laws and Code of regulations. Identifies potential HR-related risks and advising on mitigation strategies to protect the hospital from legal and reputational risks.

Hemovigilance Transfusion Committee.

The Hospital Hemovigilance Committee plays a crucial role in ensuring the safe and effective use of blood and blood components within the hospital. Some key roles and responsibilities of such a committee:

1. Promote Safe Transfusion Practices: The committee ensures that blood and blood components are used appropriately and safely, aligning with national guidelines and standards
2. It educates clinicians on the appropriate use of blood components to bridge gaps in medical education related to transfusion medicine¹³.
3. Audit and Review Blood Use
4. It monitors and investigates adverse reactions related to blood transfusions, implementing measures to prevent future incidents.

Quality Improvement Committee.

1. The committee focuses on enhancing patient care by identifying areas for improvement and implementing changes to reduce errors, improve patient satisfaction, and optimize resource use.
2. The QIT helps in streamlining processes and reducing waste, this help the hospital operate more efficiently.

(f) Entity Headquarters

P.O. Box 97424-80100
Swaleh Nguru Road
Mombasa, KENYA

(g) Entity Contacts

Telephone: (+254) 710338487
E-mail: medsupptudor@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
1265116474
Kilindini Branch
Mombasa

National Bank
01001036119800
TUM Branch
Mombasa

(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. 81599-80100
Mombasa, Kenya



II. The Board of Management

The hospital does not have a board of management.

| Ref | Directors | Details |
|------------|------------------|----------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| 6. | | |

III. Management Team

| Ref | | Details |
|-----|---|--|
| 1. | <p>Dr. Mercy Bruba Medical Superintendent Bachelors of Medicine and surgery</p>  | <p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Oversight of FIF implementation at the facility 2. Holding meetings to review FIF performance and agree on appropriate actions to solve the problems 3. Supervision of expenditure and revenue collections in every department. |
| 2. | <p>Marcelina Ndegwa Nursing Officer Degree in nursing</p>  | <p>Responsibilities</p> <ol style="list-style-type: none"> 1. Oversight on the nursing staff to ensure collections of all in-patient (NHIF, Cash and waivers) 2. Oversight on Nursing staff in out-patient to ensure charging of appropriate schemes for out-patient services, 3. Submitting the Nursing department needs during the FIF sharing |
| 3. | <p>Hudaa Ali Health Administrative Officer (HAO) Bachelor of Business Management (Finance) CPA</p>  | <p>Responsibilities</p> <ol style="list-style-type: none"> 1. Ensuring preparation of monthly collection reports, 2. Monitoring performance against targets for each department 3. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoiced. 4. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoices/claims submitted as per terms and conditions of each scheme |

| | | |
|----|---|---|
| 4. | <p>Ilham Hashid Hospital Accountant CPA finalist</p>  | <p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Receiving collection reports and cash analysis book, 2. Recording of all expenditure in the appropriate Financial Information Systems 3. Preparation and submitting of summary FIF reports, 4. Maintaining cash analysis book 5. Preparation of the FIF credit report |
| 5. | <p>Maua Shaban Procurement & Supply Chain officer Bachelor of Supply Chain management</p>  | <p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Oversee procurement, storage, and distribution of medical supplies and equipment to ensure timely delivery and cost-effectiveness. 2. Monitor inventory levels to prevent shortages or overstocking, ensuring that supplies meet patient care needs. 3. Ensure compliance with healthcare regulations and standards, and mitigate risks such as supply disruptions |

IV. Chairman's Statement

The hospital does not have a board of management.

V. Report of The Chief Executive Officer

Tudor Subcounty Hospital is a level four hospital located in Mvita Sub- County. The hospital serves a diverse population, encompassing various ethnicities, religions, and socioeconomic statuses. It acts as a hub for levels 2 and 3 health facilities in Mvita Subcounty, providing essential services to the community. The hospitals revenue is derived from Facility improvement Fund (FIF) and donors. During this financial year, the hospital realized great improvement of revenue compared to the previous financial year 2020/2021. Operating revenue was Ksh. **9,006,946** and the total expenditure amounted to **Ksh 9,006,946**. Key revenue contributions included outpatient consultations, pharmacy, laboratory, theatre, and inpatient maternity services. The amount collected was utilized fully.

1. Leadership and Governance

Management Team: The hospital has a management team comprising 15 members, including administrators and heads of departments, ensuring effective governance and oversight.

2. Service Delivery

- Curative Services:
- Outpatient Services: Comprehensive outpatient care is available.
- Inpatient Services: Limited to maternity with a bed capacity of 20.
- Theatre Facilities: Equipped for surgical procedures.
- Special Clinic: TB clinic, MOPC, GOPC, POPC, Comprehensive Care Clinic (CCC)

Public health actively engaged in Preventive Services and sanitation services

- Reproductive maternal neonatal child health (RMNCH) services
- Immunization services
- Nutrition services
- Disease surveillance and control
- HIV control interventions
- TB Control interventions
- Malaria control interventions
- Neglected tropical diseases control
- Non-communicable disease control

- Environmental health, water and sanitation interventions

- Rehabilitative Services:

- Physiotherapy
- Occupational Therapy

3. Health Workforce

- The hospital employs both clinical and non-clinical staff, ensuring a well-rounded workforce to meet patient needs.

4. Revenues

Sources of Revenue:

- Facility Improvement Fund (FIF)
- NHIF, Linda mama

5. Health Information System

- All the facility data is recorded in the registers and summary tools and uploaded into the KHIS every month
- -The facility is in the process of deploying a digital health platform.
- In the CCC and TB clinics, the hospital is utilizing the Kenya Electronic Medical Records (EMR) system.
- The hospital has also a digital system (DUROMED) for billing.

6. Health Products and Technology (HPT)

- All essential drugs, laboratory reagents, and equipment are available, ensuring that the hospital can provide necessary medical care.

The challenges experienced during the reporting period included:

1. Inadequate human resource with a high attrition rate particularly for the nursing cadre, this has affected the provision of 24 hours services.
2. Delayed re-imburement Linda mama and NHIF submitted claims.
3. Industrial action by the health care workers negatively affected service delivery provision



.....
DR. AHMED KARAMA

Secretary to the Board

| | | | | |
|--|--|---|---|---|
| | | 3. Number of eligible HIV clients on ARVs | | 1610 eligible clients have been initiated on ARV treatment |
| | | 4.Children under one year of age fully immunized | | 713 Children under one year of age fully immunized |
| Halt and reverse the burden of non-communicable conditions | To reduce the incidence of Non communicable diseases | 1.Number of adult OPD clients with BMI of more than 25 2.Number of women of reproductive age (WRA) screened for cervical cancer 3, Number of new outpatients found with high blood pressure | Screening for NCDs Early detection and treatment of NCDs | 1797 clients have BMI of more than 25 117 225 |
| Reduce the burden of violence and injuries | | Number of new outpatient cases attributed to | | 23 |

| | | | |
|-------------------------------|--|---|------|
| | | road traffic accidents | |
| Provide essential health care | | 1.No. of pregnant women attending at least four ANC visits | 762 |
| | | 2.Number of WRA receiving family planning commodity | 1358 |
| | | 3. Number of clients tested for HIV | |
| | | 4.Number of deliveries conducted by skilled attendants in health facilities | 4771 |
| | | 5. Number of pregnant women getting iron supplements | 629 |
| | | | 14 |

| | | | |
|--|---|---|------------------|
| Minimize exposure to health risk factors | To strengthen health promotion interventions and facilitate the use of services that lead to healthy lifestyles | | |
| Strengthen collaboration with health-related sectors | To build & strengthen partnerships with the public and private sectors to address priority health system needs | Number of children under five years of age attending child welfare clinics who are under weight Number of children under five years of age attending child welfare clinics who are stunted | 3633 3187 |

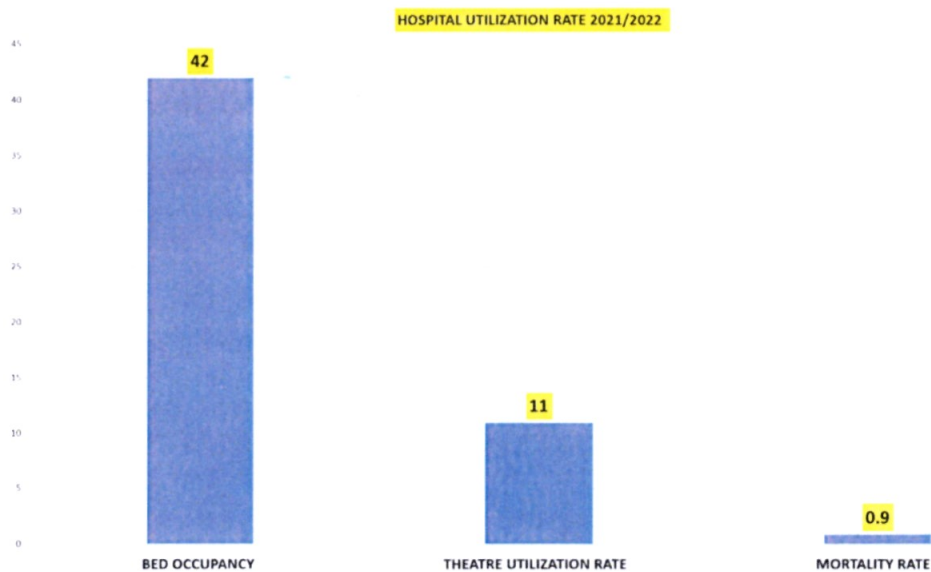
VII. Corporate Governance Statement

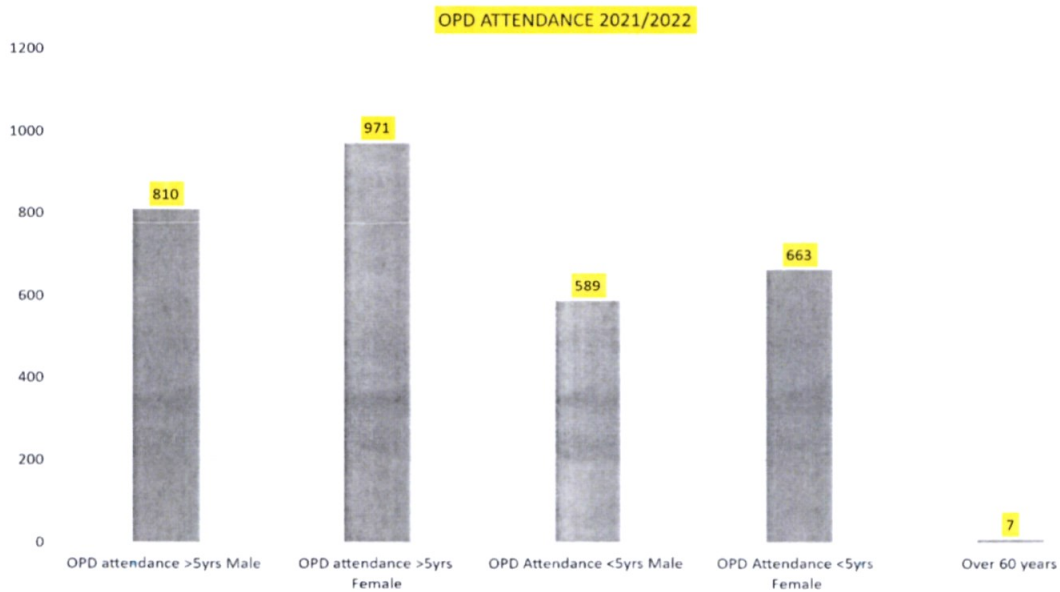
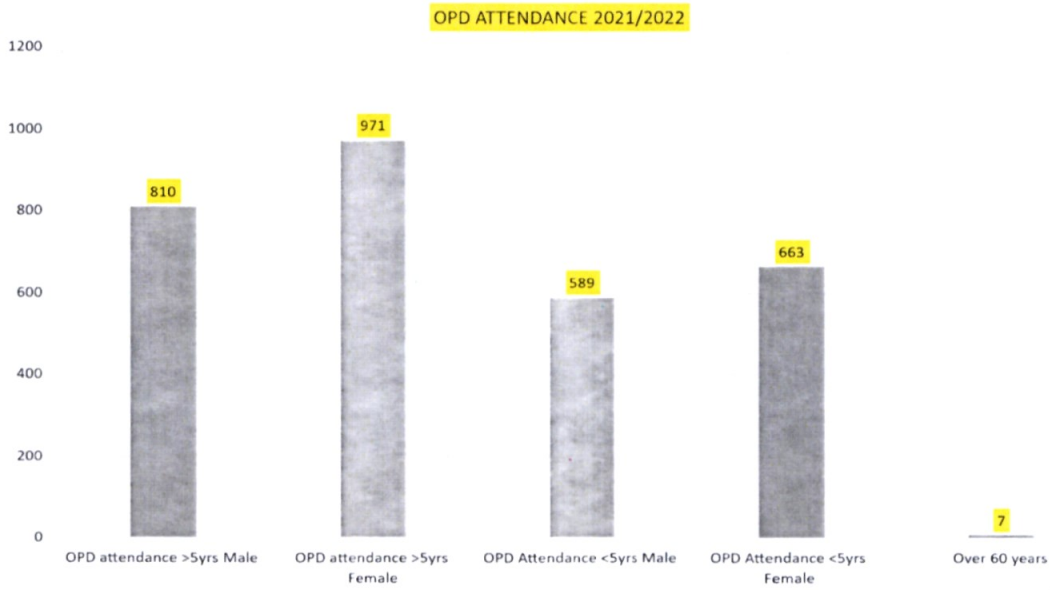
The hospital does not have a board of management.

VIII. Management Discussion and Analysis

Clinical/operational performance

- Bed capacity of the hospital – 20
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient. 1.2
- Bed occupancy rate – 42%
- Mortality rate – 0.9%
- Surgical theatre utilisation (number of operations over a period of time)- 11%
- Sponsorships and partnerships





Financial performance that includes

- **Revenue sources**


Tudor Subcounty hospital generates revenue through the following means:

1. Government funding: allocations from the national and county governments for operational and development costs.

2. User fees and services charges: payments from patients for outpatient consultations, laboratory tests, imaging services and specialized treatments.
3. National health insurance fund reimbursements: funds received from NHIF For insured patients under the universal health coverage (UHC) program.
4. Donor and development partner support: Grants and funding from international organisations, NGOs and private sector partnerships.
5. Public-private partnerships: collaborations with private entities to enhance healthcare service delivery and infrastructure.

○ **Utilisation of funds**

Every quarter the members of the facility HMT submits a list of their requirement. A breakdown of facility's collection against the previous quarter, utilisation is shared at the HMT, this is discussed against their set departmental targets. These requests are then escalated to the EEC who have the role to plan and budget accordingly. This is then forwarded through the Director Clinical Services to the Chief Officer Clinical Services for approval, who then gives the Authority to Incur Expenditure. This is then forwarded back to the facility for implementation.



.....
DR. AHMED KARAMA
Secretary to the Board



IX. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Tudor Sub-County Hospital operates as a primary care facility, offering a range of essential services including tuberculosis treatment, HIV care, family planning, and basic obstetric care. The hospital's main mandate is to provide accessible and quality healthcare to the local community, ensuring that these services are maintained over the long term. To achieve sustainability, Tudor Subcounty Hospital has adopted strategies that align with international best practices, such as building capacity, fostering supportive management structures, and adapting to broader political and macroeconomic trends. The medical superintendent and the hospital management team play a crucial role in prioritizing sustainability efforts, recognizing both key achievements and areas for improvement. By integrating these strategies, the hospital can ensure continued service delivery despite challenges, ultimately contributing to the overall health and well-being of the community.

The Hospital has focused on the following key areas in healthcare sustainability,

Environmental Sustainability:

- **Energy Efficiency:** Implementing energy-efficient technologies to reduce power consumption. Installation of solar energy lighting system.
- **Waste Management:** Reducing, recycling, and properly disposing of medical waste. The hospital outsourced a service provider who collects medical waste for incineration

2. Social Sustainability:

- **Community Engagement:** Engaging with local communities to promote health and well-being. Strong ties with the local community are essential for sustainable healthcare delivery. We engage with stakeholders to understand their healthcare needs and preferences, fostering a culture of inclusivity and trust.

3. Economic Sustainability:

- **Resource Optimization:** Ensuring efficient use of resources to maintain long-term financial stability.
- **Health Workforce Well-Being:** Our employees are at the heart of our hospital's success. We prioritize the physical and mental well-being of our staff, offering professional development
- **Sustainable Supply Chain Practices:** Adopting procurement processes that prioritize sustainability.

4. Innovative Practices:

- **Digital Health:** Implementing digital solutions to reduce travel and enhance patient care. Through partner support the facility has deployed the Kenya EMR digital platform

ii) Environmental performance

Safety of the environment at Tudor Hospital is guided by standard operating procedures derived from national, County and policies. They constitute a wide range of interventions designed to create and maintain an environment conducive to human health; reduce people's exposure to diseases by providing a clean environment in which to live; and measures to break the cycle of diseases. There are designated waste holding and disposal areas. Disposal of Infectious waste is currently outsourced. Non-infectious waste is temporarily kept in the waste holding area and disposed of in collaboration with the department of environment in the county.

iii) Employee welfare

Tudor Subcounty Hospital through the Mombasa County Public Service Board promotes equality of opportunity in employment and will not discriminate directly or indirectly against an employee on the grounds of race, colour, sex, language, religion, disability, pregnancy, mental status, HIV status, and in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or any matters arising out of employment. It ensures that not more than two-thirds of vacant posts are filled by either gender in the county public service. It ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Performance appraisal is based upon the principal of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, recruitment, placement, incentives and sanctions.

iv) Market place practices-

The hospital has various activities and strategies used to manage procurement, financial transactions, and vendor relationships within the hospital's supply chain. While public hospitals operate with a focus on providing healthcare services to the community, there is still need to engage in market-driven practices to efficiently manage its resources and ensure the availability of necessary supplies and services. Some of the common marketplace practices that the institution adheres to include: -

- a. Implementing efficient procurement processes to source medical equipment, pharmaceuticals, and other supplies required for patient care. This involves identifying reliable suppliers, negotiating contracts, and ensuring compliance with procurement regulations.
- b. Vendor Selection: The hospital engages in a competitive bidding process to select vendors that offer the best value for money and meet the hospital's quality standards. Transparency and fairness in vendor selection are adhered to since they are essential in public procurement.
- c. Inventory Management: Inventory management control systems are in place to monitor stock levels, reduce wastage, and ensure the availability of essential medical supplies.
- d. Financial Management: Sound financial management is practised across board, with multidisciplinary effort from HMT, EEC to monitor allocation of resources efficiently, track expenses, and manage the hospital's budget effectively, in accordance with public finance management guidelines.
- e. Compliance and Ethical Practices: The hospital is keen on adhering to legal and ethical standards in all procurement activities, avoiding conflicts of interest, and promoting transparency in financial transactions.
- f. Market Research: The institution conducts market research to stay updated on the latest medical technologies, trends, and pricing to make informed procurement decisions.

X. Report of The Board of Management

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

Principal activities

The principal activities of the Tudor Subcounty Hospital are to: -
The hospital has no board of management.

Results

The results of Tudor Subcounty Hospital for the year ended June 30 2022 are set out on pages 1 to 52

Board of Management

Tudor subcounty Hospital has proposed names of the board members but awaiting approval from the county.

Auditors

The Auditor General is responsible for the statutory audit of the *Tudor Subcounty Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



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DR. AHMED KARAMA
Secretary to the Board



XI. Statement of Board of Management's Responsibilities

The hospital does not have a board of management.

REPUBLIC OF KENYA

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

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

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Tudor Sub-County Level 4 Hospital - Mombasa County Government set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial

Report of the Auditor-General on audit of Tudor Sub-County Level 4 Hospital for the year ended 30 June, 2022 - Mombasa County Government

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 Tudor Sub-County Level 4 Hospital - Mombasa County Government as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Revenue from Exchange Transactions

The statement of financial performance reflects revenue from rendering of services – medical service income of Kshs.8,296,706 as disclosed in Note 11 to the financial statements. However, analysis of revenue from Duromed, a revenue collection system used by the Hospital shows total collection of Kshs.8,789,940 resulting to a variance of Kshs.Kshs.493,234.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.8,296,706 could not be confirmed.

2. Unsupported Employee Costs

The statement of financial performance reflects employee costs totalling to Kshs.115,005,929 as disclosed in Note 16 to the financial statements. The Hospital received services from seventy-eight (78) medical and non-medical staff employed and paid by the County Government of Mombasa. However, the payroll in respect to the employees was not provided for audit review.

In the circumstances, the accuracy and completeness of employee costs of Kshs.115,005,929 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,960,902 as disclosed in Note 27 to the financial statements which includes Kshs.2,395,570 held in Kenya Commercial Bank account. However, the cash book in respect of the balance was not closed at the end of the period and closing balance not indicated. Further, the monthly bank reconciliation statements, bank statements and certificate of bank balance as at 30 June, 2022 were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.4,960,902 could not be confirmed.

3. Inaccurate and Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.839,210 as disclosed in Note 28 to the financial statements. However, the balance was not supported by a ledger. Further, NHIF system generated invoice report shows that Kshs.5,181,600 was earned during the year out of which Kshs.4,342,390 was refunded to the facility. The Hospital system further revealed that Kshs.151,583 was waived, leaving an amount of Kshs.687,626 outstanding receivables from NHIF which differs with the reported balance resulting in overstatement of receivables balance by Kshs.151,584. No authority for waiver or criteria used to grant waivers was provided for audit.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.839,210 could not be confirmed.

4. Unconfirmed Inventory Balance

The statement of financial position reflects inventories balance of Kshs.816,125 as disclosed in Note 30 to the financial statements. However, audit of stores records revealed that the entity did not maintain store ledger cards and there was no evidence of annual stock take carried out to confirm the quantities, values and status of closing inventory balance as at 30 June, 2022.

In the circumstances, the accuracy, completeness, and valuation of the inventory balance of Kshs.816,125 could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.257,428,813 as disclosed in Note 31 to the financial statements. However, the values attached to land and buildings were not supported by valuation reports. Further, ownership documents for motor vehicles and land valued at Kshs.168,000,000 were not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.257,428,813 could not be confirmed.

6. Variances in Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.12,467,020 as disclosed in Note 34 to the financial statements. The balance includes Kshs.687,061 owed to Kenya Medical Supplies Authority (KEMSA) which differ with Kshs.751,493 reflected in the Authority's records resulting to an unexplained variance of Kshs.64,432.

In the circumstances, the accuracy, and completeness of the trade payable balance of Kshs.12,467,020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tudor Sub-County Level 4 Hospital - Mombasa County Government 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. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iv to xv which comprise of Key Entity Information and Management, Statement of Board of Directors, Board of Management Report of Medical Superintendent, Statement of Performance Against the Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Irregular Procurement of Medical Items

The statement of financial performance reflects medical/clinical costs of Kshs.4,462,782 as disclosed in Note 15 to the financial statements. However, Management did not provide for audit an approved procurement plan, list of registered

suppliers and procurement documents including appointment letters of ad hoc tender opening and evaluation committees, minutes of the opening and evaluation committees, professional opinion and market survey report to ascertain how the items were procured.

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

2. Irregular Procurement of Air Conditioner

The statement of financial position reflects property, plant and equipment balance of Kshs.257,428,813 as disclosed in Note 31 to the financial statements. Included in the additions to plant and medical equipment was a payment of Kshs.160,000 for air conditioners made to a supplier. Review of documents provided for audit revealed that the supplier was awarded the contract although the tax compliance certificate and single business permit submitted for the tender had expired. In addition, tender opening and evaluation minutes were not provided for audit confirmation.

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

3. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs of Kshs.115,005,929 as disclosed in Note 16 to the financial statements out of which Kshs.1,563,190 related to casual workers' wages. Review of documents provided for audit revealed that Management engaged casual workers for more than three months continuously renewing their three-month contracts at expiry an indication that they were not engaged in short term and urgent tasks contrary to Section B16 (1) of the County Public Service Human Resource Manual May 2013 which states that Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and the Employment Act (2007) that states that casual workers shall not be engaged for more than three months.

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

4. Failure to Meet Minimum Requirement of Level 4 Hospitals

Review of Hospital records and interviews on services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that they did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to 60 staff deficiencies or 59.4 % of the authorized establishments as indicated below:

| Staff Requirements | Level 4 standard | No. in Hospital | Variance | % Variance |
|--|------------------|-----------------|-----------|-------------|
| Medical Officers | 16 | 5 | 10 | 62.5 |
| Anesthesiologists | 2 | 0 | 2 | 100 |
| Gynecologists | 2 | 1 | 1 | 50 |
| Pediatrics | 2 | 1 | 1 | 50 |
| Radiologists | 2 | 0 | 2 | 100 |
| Kenya Registered Community Health Nurses | 75 | 34 | 17 | 200 |
| Total | 101 | 41 | 60 | 59.4 |

In addition, the Hospital did not provide services described in the first schedule of the Health Act 2017 which include male circumcision, prostate examination for men, management of surgical emergencies including trauma care as the hospital had one theatre that was only used for inpatient services, advanced life support, radiology services, outpatient services of outpatient turnover of more than two hundred and fifty, emergency, general and specialized operations and palliative care.

It was further noted that the facility did not offer clinical supportive supervision to lower-level facilities as it was explained that the lower-level facilities fell under the department of public health services while the facility was under the department of clinical services. Surgery on in-patient basis was limited to gynae obstetrics and radiology service were also not available as the facility lacked a radiology center. Additionally, proper case management of referral cases through the provision of four main clinical specialties including internal medicine, general surgery, gynae obstetrics and pediatrics backed by appropriate technical devices was also not available as the hospital did not have a resident surgeon. Finally, the In-charge registered medical practitioner did not hold Master's degree in a health-related field as required by the Act.

In the circumstances, the adequacy of services delivered could not confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 effect of 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 governance were not effective.

Basis for Conclusion

1. Lack of a Hospital Management Board

Review of documents provided for audit and interview with Management revealed that the Hospital did not have a Hospital Management Board contrary to Section 13 of the Mombasa County Health Act, 2018 which states that there is established Hospital Management Board which will work as the link between the Hospital and the community itself.

In the circumstances, Management may not meet its governance obligations.

2. Lack of Information Technology (IT) Controls Systems

Review of internal control records disclosed that the management had significant weaknesses in the organization's Information Technology (IT) controls including lack of internal IT department to oversee the management and security of IT systems, lacks a strategic IT steering committee to guide and align IT initiatives with organization's objectives. In addition, there was no offsite or external data backup, which increases vulnerability to data loss in the event of system failure, cyber-attacks, or natural disasters.

The absence of a formal information technology exposes the hospital to operational and security risks due to the lack of standardized procedures and protocols.

In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

3. Lack of Approved Hospital Staff Establishment

During the year under review, the Hospital carried out various organizational activities involving human resources in its departments. However, the Hospital did not have an approved hospital staff establishment to inform on the vacancies for appointments, promotions, redesignations, and planning on employee development.

In the circumstances, the effectiveness in management of human resource functions could not be confirmed.

4. Failure to Prepare an Annual Procurement Plan

Review of documents provided for audit including, LPOs, invoices, delivery notes and counter receipt books revealed that the entity procured medical cost, repairs and maintenance and general expenses amounting to Kshs. 9,179,223. However, there was no evidence of procurement planning as no approved procurement plan was provide for audit verification. This is contrary to Regulation 40. (1) Of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process

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

5. Inadequate Documentation and Contractual Oversight of the Duromed System

Review of system for revenue collection shows that the Hospital had been utilizing the Duromed system for its cash collection services without a formal contract or service agreement with the system supplier. Despite the lack of acquisition, procurement and contractual documentation, the Hospital continued to engage the supplier for system support and maintenance. Further, management was unable to provide sufficient information regarding the specific modules initially procured or implemented such as inventory management, human resource, or other operational components.

In addition, there was no evidence indicating when or if ownership of the system was expected to be fully transferred to the Hospital and if formal arrangements had been made for training in-house technical staff to support, maintain, or manage the system independently. As a result, the hospital remains reliant on the external supplier for ongoing support, increasing the risk of operational disruption and vendor lock-in in case of disputes and uncontrolled costs in the long run.

The absence of formal documentation and clarity on system acquisition, ownership, and operational sustainability exposes the hospital to significant risks, including inaccurate financial reporting, diminished vendor accountability, and weak IT governance and internal controls.

6. Inadequate Storage Space for Non-Pharmaceutical and Pharmaceutical Supplies

Physical verification of the pharmaceutical and non-pharmaceutical stores conducted on 21 and 22 July, 2025 revealed that the Hospital lacked adequate storage space to maintain the quality of the drugs and non-pharmaceutical items stored. In the laboratory, boxes and polythene bags containing health products were placed on floor at the entrance due to lack of space. Further, interviews and observation in both the pharmaceutical and non-pharmaceutical stores revealed that expired items and drugs whose values could not be determined were located in the same storage space contrary to the Pharmacy and Poisons Board (PPB) Guidelines for Good Distribution Practices for Health Products and Technologies in Kenya, 2023 which states that a written procedure must be in place to ensure effective stock rotation. Health products and technologies due to expire first must be sold and / or distributed in accordance with the first expiry, first out principles.

In the circumstances, the effectiveness of internal control measures in regards to pharmaceutical management 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 the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

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

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

| Description | Note | Insert Current | Comparative FY |
|--|------|--------------------|----------------|
| | | 2021/2022 | 2020/2021 |
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | | |
| In-kind contributions from the County Government | 7 | 113,826,739 | |
| Grants from donors and development partners | 8 | | |
| Transfers from other Government entities | 9 | 2,223,730 | |
| Public contributions and donations | 10 | | |
| | | | |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 8,296,706 | |
| Revenue from rent of facilities | 12 | | |
| Finance /Interest Income | 13 | | |
| Miscellaneous Income | 14 | | |
| Revenue from exchange transactions | | 8,296,706 | |
| Total revenue | | 124,347,175 | |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 4,462,782 | |
| Employee costs | 16 | 115,005,929 | |
| Board of Management Expenses | 17 | | |
| Depreciation and amortization expense | 18 | 15,214,688 | |
| Repairs and maintenance | 19 | 1,068,812 | |
| Grants and subsidies | 20 | | |
| General expenses | 21 | 2,909,264 | |
| Finance costs | 22 | | |
| Total expenses | | 138,661,475 | |

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

| Description | Note | Insert Current 2021/2022 | Comparative FY 2020/2021 |
|--|------|-----------------------------|-----------------------------|
| | | Kshs | Kshs |
| Other gains/(losses) | | | |
| Gain/Loss on disposal of non-Current assets | 23 | | |
| Unrealized gain on fair value of investments | 24 | | |
| Medical services contracts Gains/Losses | 25 | | |
| Impairment loss | 26 | | |
| Gain on foreign exchange transactions | | | |
| Total other gains/(losses) | | | |
| Net Surplus / (Deficit) for the year | | (14,314,300) | |

(The notes set out on pages 10 to 53 form an integral part of the Annual Financial Statements.)

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

.....
Chairman

Board of Management

Uwata
.....
Head of Finance

ICPAK No:

lut
.....
Medical Superintendent

MEDICAL SUPERINTENDENT
TUDOR SUB-COUNTY HOSPITAL
24 SEP 2025
P.O. Box 97424, MOMBASA
Tel: 0710 338487
Email: medsuptudor@gmail.com

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

| Description | Note | Current FY 2021/2022 | Comparative FY 2020/2021 |
|---|------|-------------------------|-----------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 4,960,902 | 2,072,410 |
| Receivables from exchange transactions | 28 | 839,210 | 437,400 |
| Receivables from non-exchange transactions | 29 | | |
| Inventories | 30 | 816,125 | |
| Total Current Assets | | 6,616,237 | 2,509,810 |
| Non-current assets | | | |
| Property, plant, and equipment | 31 | 257,428,813 | 256,062,000 |
| Intangible assets | 32 | | |
| Investment property | 33 | | |
| Total Non-current Assets | | 257,428,813 | 256,062,000 |
| Total assets | | 264,045,050 | 258,571,810 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 34 | 12,467,020 | 6,908,890 |
| Refundable deposits from customers/Patients | 35 | | |
| Provisions | 36 | | |
| Finance lease obligation | 37 | | |
| Current portion of deferred income | 38 | | |
| Current portion of borrowings | 39 | | |
| Social Benefits | 41 | | |
| Total Current Liabilities | | 12,467,020 | 6,908,890 |
| Non-current liabilities | | | |
| Provisions | 36 | | |
| Non-Current Finance lease obligation | 37 | | |
| Non-Current portion of deferred income | 38 | | |
| Non - Current portion of borrowings | 39 | | |

| Description | Note | Current FY 2021/2022 | Comparative FY 2020/2021 |
|---|------|-------------------------|-----------------------------|
| | | Kshs | Kshs |
| Service concession liability | 40 | | |
| Social Benefits | 41 | | |
| Total non-current liabilities | | | |
| Total Liabilities | | 12,467,020 | 6,908,890 |
| Net assets | | 251,578,030 | 251,662,920 |
| Revaluation reserve | | 265,892,330 | 256,062,000 |
| Accumulated surplus/Deficit | | (14,314,300) | (4,399,080) |
| Capital Fund | | | |
| Total Net Assets and Liabilities | | 251,578,030 | 251,662,920 |

(The notes set out on pages 10 to 53 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 24/09/2025 and signed on its behalf by:

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

.....

Head of Finance
ICPAK No:

.....

Medical Superintendent



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

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--|---------------------|-----------------------------|--------------|--------------------|
| As at July 1, 2021(previous year) | | | | |
| Revaluation gain | | | | |
| Surplus/(deficit) for the year | 256,062,000 | -4399080 | | 251,662,920 |
| Capital/Development grants | | | | |
| As at June 30, 2022 (previous year) | | | | |
| | | | | |
| At July 1, 2022 (current year) | | | | |
| Revaluation gain | | | | |
| Surplus/(deficit) for the year | 265,892,330 | (14,314,300) | | 251,578,030 |
| Capital/Development grants | | | | |
| At June 30, 2023 (current year) | | | | |

(Note:

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

(The notes set out on pages 10 to 53 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 24/09/2025 and signed on its behalf by:

.....
Chairman
Board of Management

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

Ant
.....
Medical Superintendent



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

| Description | Note | Current FY 2021/2022 | Comparative FY 2020/2021 |
|--|------|-------------------------|-----------------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | | |
| Grants from donors and development partners | | | |
| Transfers from other Government entities | | 2,223,730 | |
| Public contributions and donations | | | |
| Rendering of services- Medical Service Income | | 8,296,706 | |
| Revenue from rent of facilities | | | |
| Finance / interest income | | | |
| Miscellaneous receipts(<i>specify</i>) | | 2,271,258 | |
| Total Receipts | | 13,630,904 | |
| | | | |
| Payments | | | |
| Medical/Clinical costs | | 4,502,242 | |
| Employee costs | | 1,179,190 | |
| Board of Management Expenses | | | |
| Repairs and maintenance | | 1,068,812 | |
| Grants and subsidies | | | |
| General expenses | | 2,909,264 | |
| Finance costs | | | |
| Refunds paid out | | | |
| Total Payments | | 10,742,413 | |
| Net flows from operating activities | 42 | 2,888,492 | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment & intangible assets | | | |
| Proceeds from the sale of property, plant, and equipment | | | |
| Acquisition of investments | | | |
| Net cash flows used in investing activities | | | |

| | | | |
|---|----|-----------|-----------|
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | | |
| Repayment of borrowings | | | |
| Capital grants received | | | |
| Net cash flows used in financing activities | | | |
| Net increase/(decrease) in cash and cash equivalents | | 2,888,492 | |
| Cash and cash equivalents as at 1 July | 27 | 2,072,410 | |
| Cash and cash equivalents as at 30 June | 27 | 4,960,902 | 2,072,410 |
| | | | |
| | | | |
| | | | |
| | | | |

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

The notes set out on pages 10 to 52 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 24/09/2015 and signed on its behalf by:

| | | |
|----------------------------|------------------------|-------------------------------|
| | <i>[Signature]</i> | |
| Chairman | Head of Finance | Medical Superintendent |
| Board of Management | ICPAK No: | |

MEDICAL SUPERINTENDENT
TUDOR SUB-COUNTY HOSPITAL
24 SEP 2015
P.O. Box 97424, MOMBASA
Tel: 0710 338487
Email: medsup Tudor@gmail.com

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|------------------------|--------------------|---------------------|-----------------------------------|-------------------------------|-------------------------|
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Revenue | | | | | | |
| Transfers from the County Government | | | | | | |
| Grants from donors and development partners | | | | | | |
| Transfers from other Government entities | | | | | | |
| Public contributions and donations | | | | | | |
| Rendering of services- Medical Service Income | 10,520,436 | 0 | 10,520,436 | 10,742,413 | -221,977 | 102% |
| Revenue from rent of facilities | | | | | | |
| Finance / interest income | | | | | | |
| Miscellaneous receipts (<i>specify</i>) | | | | | | |
| Total income | 10,520,436 | 0 | 10,520,436 | 10,742,413 | -221,977 | 102% |
| Expenses | | | | | | |
| Medical/Clinical costs | | | | | | |
| Employee costs | | | | | | |
| Remuneration of directors | | | | | | |
| Repairs and maintenance | | | | | | |
| Grants and subsidies | | | | | | |
| General expenses | | | | | | |
| Finance costs | | | | | | |
| Refunds | | | | | | |
| Surplus for the period | | | | | | |
| Capital expenditure | | | | | | |

(Budget notes

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

The notes set out on pages 10 to 52 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 24/09/2025 and signed on its behalf by:

| | | |
|----------------------------|------------------------|-------------------------------|
| | | |
| Chairman | Head of Finance | Medical Superintendent |
| Board of Management | ICPAK No: | |


 Medical Superintendent


XVIII. Notes To the Financial Statements

1. General Information

Tudor Subcounty Hospital is established by and derives its authority and accountability from Financial Act. Tudor Subcounty Hospital is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. Tudor subcounty Hospital principal activity is provision of health 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 *Tudor subcounty Hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Tudor Subcounty Hospital*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

| | |
|--|---|
| | (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <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> |
| Other improvements to IPSAS | <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> |
| IPSAS 43 | <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> |

| | |
|---|--|
| | <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 Tudor Subcounty Hospital did not early – adopt any new or amended standards in the year 2021/2022

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

Tudor Subcounty Hospital 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 the facility EEC. 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 Tudor Subcounty Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Tudor Subcounty Hospital recorded additional appropriations of **2021/2022** on the FY 2021/2022 budget following the EEC approval. The Tudor Subcounty Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section *xvii* of these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *1* year. 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 Tudor Subcounty Hospital 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.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:



| | | |
|---|---|-------|
| Building and civil works | - | 10% |
| Motor Vehicle | - | 20% |
| Furniture fittings and office equipment | - | 12.5% |
| ICT Equipment | - | 30% |
| Plant and medical equipment | - | 30% |

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 hospital. 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 hospital 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 hospital 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 hospital. 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 Tudor Subcounty Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the hospital can demonstrate:

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Tudor subcounty hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another entity. At initial recognition, the hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Tudor Subcounty Hospital assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The hospital recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 26*.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

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

k) Provisions

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

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

Notes to the Financial Statements (Continued)

l) Social Benefits

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

m) Contingent liabilities

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

n) Contingent assets

The Tudor Subcounty Hospital 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 hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q) Employee benefits

Retirement benefit plans

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

r) Foreign currency transactions

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

s) Borrowing costs

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

t) Related parties

The Tudor Subcounty Hospital 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 *Tudor Subcounty Hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

Notes to the Financial Statements (Continued)

u) Service concession arrangements

The Tudor Subcounty Hospital 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 *Tudor Subcounty Hospital* 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 *Tudor Subcounty Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

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

w) Comparative figures

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

x) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Tudor subcounty Hospital'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 Tudor Subcounty Hospital 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 hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 4. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

6. Transfers From The County Government

| Description | 2021/2022 | 2020/2021 |
|---|------------------|------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | | |
| Level 5 grants | | |
| Unconditional development grants | | |
| Other grants | | |
| | | |
| Conditional grants | | |
| User fee forgone | | |
| Transforming health services for Universal care project (THUCP) | | |
| DANIDA | | |
| Wards Development grant | | |
| Paediatric block grant | | |
| Administration block grant | | |
| Laboratory grant | | |
| Total government grants and subsidies | | |

Notes to the Financial Statements (Continued)

6 Transfers from The County Government

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

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

7. In Kind Contributions from The County Government

| Description | 2022/2021 | 2020/2021 |
|---|--------------------|-----------|
| | KShs | KShs |
| Salaries and wages | 113,280,780 | |
| Medical supplies-Drawings Rights (KEMSA) | | |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | 435,959 | |
| Utility bills | 110,000 | |
| Total grants in kind | 113,826,739 | |

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

8. Grants From Donors and Development Partners

| Description | Current FY 2021/2022 | Comparative FY 2020/2021 |
|---|----------------------|--------------------------|
| | KShs | KShs |
| Cancer Centre grant- DANIDA | | |
| World Bank grants | | |
| Paediatric ward grant- JICA | | |
| Research grants | | |
| Other grants (<i>specify</i>) | | |
| Total grants from development partners | | |

(Provide brief explanation for this revenue)

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 | Comparative Period |
|--------------------------------------|---|---------------------------------------|------------------------------------|------------------------------------|--------------------|
| | KShs | KShs | KShs | KShs | KShs |
| Donor e.g., DANIDA | | | | | |
| JICA | | | | | |
| World Bank | | | | | |
| Total | | | | | |

9. Transfers From Other Government Entities

| Description | Current FY 2021/2022 | Comparative FY 2020/2021 |
|--|----------------------|--------------------------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | | |
| Transfer from National Hospital | 2,223,730 | |
| Transfer from Institute | | |
| Total Transfers | 2,223,730 | |

10. Public Contributions and Donations

| Description | Current FY 2021/2022 | Comparative FY 2020/2021 |
|--|----------------------|--------------------------|
| | 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 | 2021/2022 | 2020/2021 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Pharmaceuticals | 1,858,912 | |
| Non-Pharmaceuticals | 381,140 | |
| Laboratory | 2,190,580 | |
| Radiology | 79,400 | |
| Orthopedic and Trauma Technology | | |
| Theatre | 95,860 | |
| Accident and Emergency Service | | |
| Anesthesia Service | | |
| Ear Nose and Throat service | | |
| Nutrition service | 2,700 | |
| Cancer centre service | | |
| Dental services | 467,850 | |
| Reproductive health | 686,740 | |
| Paediatrics services | 11,930 | |
| Other medical services income (<i>specify</i>) | 2,521,594 | |
| Total revenue from the rendering of services | 8,296,706 | |
| | | |

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Other Income

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

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

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description | 2021/2022 | 2020/2021 |
|---|------------------|-----------|
| | Kshs | Kshs |
| Dental costs/ materials | 29,550 | |
| Laboratory chemicals and reagents | 806,687 | |
| Public health activities | | |
| Food and Ration | 708,165 | |
| Uniform, clothing, and linen | | |
| Dressing and non-pharmaceuticals | 1,103,280 | |
| Pharmaceutical supplies | 290,600 | |
| Health information stationery | | |
| Reproductive health materials | | |
| Sanitary and cleansing Materials | 704,960 | |
| Purchase of Medical gases | 819,540 | |
| X-Ray/Radiology supplies | | |
| Other medical related clinical costs (<i>specify</i>) | | |
| Total medical/ clinical costs | 4,462,782 | |

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

16. Employee Costs

| Description | 2022/2021 | 2020/2021 |
|--|--------------------|-----------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 115,005,929 | |
| Contributions to pension schemes | | |
| Service gratuity | | |
| Performance and other bonuses | | |
| Staff medical expenses and Insurance cover | | |
| Group personal accident insurance and WIBA | | |
| Social contribution | | |
| Other employee costs (<i>specify</i>) | | |
| Employee costs | 115,005,929 | |

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

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

| Description | Current FY 2021/2022 | Comparative FY 2020/2021 |
|------------------------------------|----------------------|--------------------------|
| | Kshs | Kshs |
| Chairman's Honoraria | | |
| Sitting allowance | | |
| Mileage | | |
| Insurance expenses | | |
| Induction and training | | |
| Travel and accommodation allowance | | |
| Airtime allowances | | |
| Total | | |

18. Depreciation And Amortization Expense

| Description | 2021/2022 | 2020/2021 |
|--|------------|-----------|
| | Kshs | Kshs |
| Property, plant and equipment | 15,214,688 | |
| Intangible assets | | |
| Investment property carried at cost | | |
| Total depreciation and amortization | 15,214,688 | |

19. Repairs And Maintenance

| Description | 2022/2021 | 2020/2021 |
|---|------------------|-----------|
| | Kshs | Kshs |
| Property- Buildings | 324,910 | |
| Office equipment | 63,110 | |
| Computers and accessories | 81,780 | |
| Motor vehicle expenses | 164,341 | |
| Maintenance of plant, machinery and equipment | 434,671 | |
| Total repairs and maintenance | 1,068,812 | |

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

| Description | 2021/22 | 2020/21 |
|---------------------------------------|---------|---------|
| | KShs | KShs |
| Community development and social work | | |
| Education initiatives and programs | | |
| Free/ subsidised medical camp | | |
| Disability programs | | |

Tudor Subcounty Hospital (Mombasa County Government)
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| | | |
|--|--|--|
| Free cancer screening | | |
| Other grants and subsidies(<i>specify</i>) | | |
| Total grants and subsidies | | |

21. General Expenses

| Description | 2021/2022 | 2020/2021 |
|--------------------------------------|------------------|-----------|
| | Kshs | Kshs |
| Advertising and publicity expenses | | |
| Catering expenses | 190,000 | |
| Waste management expenses | | |
| Insecticides and rodenticides | | |
| Audit fees | | |
| Bank charges | | |
| Conferences and delegations | | |
| Consultancy fees | | |
| Contracted services | 384,000 | |
| Electricity expenses | 730,000 | |
| Fuel and Lubricants | 499,400 | |
| Other fuels | 82,000 | |
| Insurance | 15,798 | |
| Research and development expenses | | |
| Travel and accommodation allowance | 211,095 | |
| Legal expenses | | |
| Licenses and permits | | |
| Courier and postal services | 1,220 | |
| Printing and stationery | 399,847 | |
| Hire charges | | |
| Rent expenses | | |
| Water and sewerage costs | 88,490 | |
| Skills development levies | | |
| Telephone and mobile phone services | 135,034 | |
| Internet expenses | 61,255 | |
| Staff training and development | | |
| Subscriptions to professional bodies | | |
| Daily Subsistence Allowance | 62,150 | |
| Purchase of household appliances | 48,975 | |
| Parking charges | | |
| Total General Expenses | 2,909,264 | |

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 | | |

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

| Description | 2021/2022 | 2020/2021 |
|---|------------------|------------------|
| | 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 | 4,960,902 | 2,072,410 |
| On - call deposits | - | |
| Fixed deposits accounts | - | |
| Cash in hand | - | |
| Others(<i>specify</i>)- Mobile money | - | |
| Total cash and cash equivalents | 4,960,902 | 2,072,410 |

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

Notes to the Financial Statements (Continued)

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

| Description | | Current FY 2021/2022 | Comparative FY 2020/2021 |
|--------------------------------------|-----------------------|---------------------------------|-------------------------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1265116474 | 2,395,570 | 1,623,920 |
| National Bank | 1.00104E+12 | 2,565,332 | 448,490 |
| | | 4,960,902 | 2,072,410 |
| 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 | | | |

28. Receivables From Exchange Transactions

| Description | 2021/22 | 2020/21 |
|------------------------------|----------------|----------------|
| | KShs | KShs |
| Medical services receivables | 839,210 | 437,400 |
| Rent receivables | - | |
| Other exchange debtors | - | |
| Less: impairment allowance | - | |
| Total receivables | 839,210 | 437,400 |

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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 | 24,216 | |
| Maintenance supplies | 140,209 | |
| Food supplies | 59,014 | |
| Linen and clothing supplies | | |
| Cleaning materials supplies | 58,747 | |
| General supplies | 533,939 | |
| Less: provision for impairment of stocks | | |
| Total | 816,125 | |

(Inventory is calculated on a monthly basis by dividing the annual cost of inventory level throughout the year)

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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 |
|------------------------------------|--------------------|---------------------------|-------------------|---|----------------|-----------------------------|--------------------------|--------------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Cost | | | | | | | | |
| At 1 July 2021 (previous year) | 168,000,000 | 71,214,000 | 0 | 1,715,000 | 565,000 | 14,568,000 | | 256,062,000 |
| Additions | | | | | | | | |
| Disposals | | | | | | | | |
| Transfers/adjustments | | | | | | | | |
| At 30th Jun 2021 | 168,000,000 | 71,214,000 | 0 | 1,715,000 | 565,000 | 14,568,000 | | 256,062,000 |
| | | | | | | | | |
| At 1 July 2022 (current year) | | | | | | | | |
| Additions | | | 16,000,000 | 202,500 | 199,000 | 180,000 | | 16,581,500 |
| Disposals | | | | | | | | |
| Transfer/adjustments | | | | | | | | |
| At 30th Jun 2022 | 168,000,000 | 71,214,000 | 16,000,000 | 1,917,500 | 764,000 | 14,748,000 | | 272,643,500 |
| | | | | | | | | |
| Depreciation and impairment | | | | | | | | |

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| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total |
|---|-------------|---------------------------|------------------|---|----------------|-----------------------------|--------------------------|-------------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| At July 2021 (current year) | | 0 | 0 | 0 | 0 | 0 | | 0 |
| Depreciation | | 7,121,400 | 3,200,000 | 239,688 | 229,200 | 4,424,400 | | 15,214,688 |
| Disposals | | | | | | | | |
| Impairment | | | | | | | | |
| Transfer/adjustment | | | | | | | | |
| At 30th June 2022 | | 7,121,400 | 3,200,000 | 239,688 | 229,200 | 4,424,400 | | 15,214,688 |
| Net book values | | | | | | | | |
| At 30 th Jun 2021 (previous) | 168,000,000 | 71,214,000 | 0 | 1,715,000 | 565,000 | 14,568,000 | | 256,062,000 |
| At 30 th Jun 2022 (current) | 168,000,000 | 64,092,600 | 12,800,000 | 1,677,813 | 534,800 | 10,323,600 | | 257,428,813 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

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(The values assigned to property, plant and equipment as reflected in financial statements are estimates as a result the reported values may not represent the exact current market values of this assets.)



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 | Current FY | Comparative FY |
|--|-------------------|-----------------------|
| | 2021/2022 | 2020/2021 |
| | KShs | KShs |
| Trade payables | 12,467,020 | 6,908,890 |
| Employee dues | | |
| Third-party payments (<i>e.g. unremitted payroll deductions</i>) | | |
| Audit fee | | |
| Doctors' fee | | |
| Total trade and other payables | 12,467,020 | 6,908,890 |

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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 | | |

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 | | | | |
| CASH 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 | | |

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

40. Service Concession Arrangements

| Description | 2021/2022 | 2020/2021 |
|--|------------------|------------------|
| | 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

| Description | Current FY 2021/2022 | Insert Comparative FY |
|--|---------------------------------|----------------------------------|
| | KShs | KShs |
| Surplus for the year before tax | -221,977 | |
| Adjusted for: | | |
| Depreciation | 15,214,688 | |
| 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 | 515,643 | |
| Increase in receivables | 1,341,800 | |
| Increase in deferred income | | |
| Increase in payables | -11,789,880 | |
| Increase in payments received in advance | | |
| Net cash flow from operating activities | 5,060,274credit | |

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

Notes to the Financial Statements (Continued)

42. Financial Risk Management

The Tudor Subcounty Hospital 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 hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Tudor Subcounty 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 directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Notes to the Financial Statements (Continued)

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Tudor Subcounty Hospital has significant concentration of credit risk on amounts due from 2017. 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 hospital's short, medium and long-term funding and liquidity management requirements. Tudor Subcounty Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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| Description | 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 | | | 12,467,020 | 12,467,020 |
| Current portion of borrowings | | | | |
| Provisions | | | | |
| Deferred income | | | | |
| Employee benefit obligation | | | | |
| Total | | | 12,467,020 | 12,467,020 |

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital'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 hospital's exposure to market risks or the way it manages and measures the risk.

Notes to the Financial Statements (Continued)

a) Foreign currency risk

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

| Description | KShs | Other currencies | Total |
|---|------|------------------|-------|
| | Kshs | | Kshs |
| At 30 June 2021 | | | |
| Financial assets (investments, cash, debtors) | | | |
| Liabilities | | | |
| Trade and other payables | | | |
| Borrowings | | | |
| Net foreign currency asset/(liability) | | | |

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

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-----------------------------|----------------------------|--------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 2021 (previous year) | | | |
| Euro | | | |
| USD | | | |
| 2022 (current year) | | | |
| Euro | | | |
| USD | | | |

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

| Description | 2021/2022 | 2020/2021 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | | |
| Retained earnings | | |
| Capital reserve | | |
| Total funds | | |
| Total borrowings | | |
| Less: cash and bank balances | | |
| Net debt/ (<i>excess cash and cash equivalents</i>) | | |
| Gearing | | |

43. Related Party Balances

Entities and other parties related to the hospital 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.

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

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

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Notes to the Financial Statements (Continued)

| Description | 2021/22 | 2020/21 |
|--|-------------|---------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| | | |
| a) Services offered to related parties | | |
| Services | | |
| Sales of services | | |
| Total | | |
| | | |
| b) Grants from the Government | | |
| Grants from County Government | 113,826,739 | |
| Grants from the National Government Entities | | |
| Donations in kind | | |
| Total | | |
| | | |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages employees | | |
| Payments for goods and services | | |
| Total | | |
| | | |
| d) Key management compensation | | |
| Directors' emoluments | | |
| Compensation to the medical Sup | | |
| Compensation to key management | | |
| | | |
| Total | 113,826,739 | |

Notes to the Financial Statements (Continued)

44. Segment Information

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

45. Contingent Liabilities

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

(Give details)

46. Capital Commitments

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

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

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

Tudor Subcounty Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Mombasa.

49. Currency

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

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XIX. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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

.....


Accounting Officer

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

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

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

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

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

Head of Accountants department of beneficiary entity:

Name **Sign** **Date**

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

| Project Name | Project Description | Project Objectives | Project Activities | Quarter | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|---------|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
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APPENDIX VI Disaster Expenditure Reporting Template

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

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