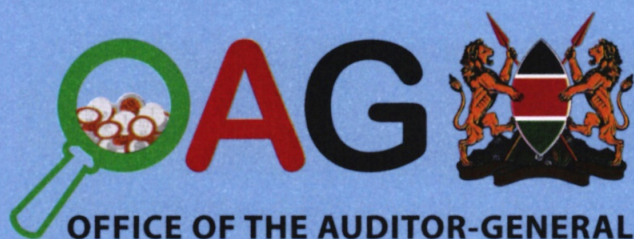
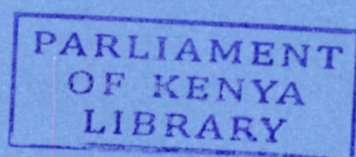


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

MATILIKU SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MAKUENI



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
18 JUN 2024
RECEIVED



05 JUN 2024

MATILIKU SUB - COUNTY LEVEL 4 HOSPITAL (Government of Makueni County)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

DATE	17/09/24
TABLED BY	M. leader
COMMITTEE	—
CHIEF EXECUTIVE OFFICER	Chemp
PAPERS LAID	

05 JUN 2024

Table of Contents

I. Key Entity Information and Management.....	iii
II. The Board of Management.....	vii
III. Management Team.....	ix
IV. Chairman’s Statement	xi
V. Report of The Chief Executive Officer	xiii
VI. Statement of Performance Against Predetermined Objectives	xv
VII. Corporate Governance Statement.....	xvii
VIII. Management Discussion and Analysis	xx
IX. Environmental and Sustainability Reporting	xxv
X. Report of The Board of Management.....	xxviii
XI. Statement of Board of Management’s Responsibilities	xxix
XII. Report of the Independent Auditor (Matiliku Sub-County Level 4 Hospital).....	xxx
XIII. Statement of Financial Performance for the Year Ended 30 June 2022.....	31
XIV. Statement of Financial Position as of 30 th June 2022	33
XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022	35
XVI. Statement of Cash Flows for The Year Ended 30 June 2022.....	36
XVII. Statement of Comparison of Budget and Actual Amounts for The Year Ended 30 June 2022.....	38
XVIII. Notes to the Financial Statements	40

I. Key Entity Information and Management

(a) Background information

Matiliku SCH hospital started in 1968 as a community dispensary with a small structure at Administration police camp (AP) grounds. It is located in Matiliku market in Matiliku location, Nzaui sub location within Nzaui-Kilili –Kalamba Ward in Makueni Sub County. The facility is off Emali –Ukia road 27kms west of Wote town and 19 kilometres East of Emali town and lies on 3.7 acres' piece of land. In 1986 the facility was elevated to health centre. On 30th April 2010 it was gazetted to a district hospital.

It has a catchment population of 15,646 and an average workload of 3,595 patients per month. The facility offers outpatient and inpatient services and has three functional wards. It also offers Physiotherapy services, occupational therapy services, and ultra sound services.

The facility has 34 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services and teaching /training for KMTC students.

(b) Principal Activities

The hospital's principal activity is to promote and participate in the provision of integrated and effective, preventive, curative and rehabilitative health care services to all Kenyans.

Mission

Promotion and participation in provision of integrated and high quality promotive, preventive and curative health care services to all citizens.

Vision

To render accessible, affordable and equitable health care services to all citizens.

Hospital Mandate

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

(c) Key Management

Matiliku Sub County Hospital management is under the following key organs:

- a) County department of health
- b) Board of Management
- c) Accounting Officer/ Medical Superintendent
- d) Hospital Management Team
- e) Executive Committee
- f) Primary/Quality Health Care Committee
- g) Finance/General Audit Committee

(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. Natasha Uchi
2.	Head of finance	Everlyne Mulei
3.	Head of supply chain	Christopher Mambo
4.	Head of administration services	Ruth Matingi
5.	Head of Nursing Services	Ruth Mbeti

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

We have a functional clinical committee which meets on weekly basis but if need be they can be called on emergency review to ensure that quality healthcare is adhered to, mortality audits and other relevant clinical objectives are met. It assists the hospital in ensuring, patient safety is ensured and medical errors are minimized.

The Committee is responsible for:

- Updating the clinical staff on current treatment guidelines.
- Ensuring that all drug related events are reported.
- Set performance targets for clinical units.
- Review various research findings and related policy documents.
- Review clinical audit reports and follow-up on implementation of recommendations.
- Carrying out mortality meetings and give feedback on the findings for action.

Risk Committee and Audit committee

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

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

Hospital Management Committee

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

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

Executive Expenditure committee

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

County Assembly





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




- (f) Entity Headquarters**
P.O. Box 27-90300
Hospital Buildings,
Ukia-Emali Road, Matiliku Market
MAKUENI, KENYA
- (g) Entity Contacts**

E-mail: countyhealthmkn@gmail.com
Website: www.makueni.go.ke
- (h) Entity Bankers**





Kenya Commercial Bank
Emali Branch
EMALI
- (i) Independent Auditors**
Office of Auditor General
Anniversary Towers, Monrovia street
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) County Attorney**
P.O. Box 78 -90300
MAKUENI, Kenya


II. The Board of Management

Ref	Directors	Details
1.	 <p>Name: Bernard Kilonzi Mwalimu</p>	<p>CHAIR PERSON. Date of appointment...19th January 2021 Age: 72 years. He is the Chair of the Board of Management, with 31yrs of experience and a retired Senior Personnel officer</p>
2.	 <p>Name: Dr. Natasha Uchi</p>	<p>SECRETARY TO THE BOARD. Date of appointment...19th January 2021 .Age: 34 Years. She holds a Bachelor degree in Medicine and Surgery form Kampala international University. She has 7 years of experience in clinical field of which 3 years has been in management. She is the medical superintended of the Hospital and Secretary of the Board.</p>
3.	 <p>Name: Daniel Mung'ala</p>	<p>MEMBER. Date of appointment...19th January 2021 Age: 69 years. He is a member of the board and a retired teacher. He holds a certificate in Education with 32 years of work experience in teaching. He is also the Chairperson of the Finance and General purpose audit sub-committee.</p>
4.		<p>MEMBER. Date of appointment...19th January 2021 Age: 53 years Madam Rosemary Mutuku is a community health volunteer and a farmer who has served</p>

	Name: Rosemary Mutuku	the board for two years and she sits as a member in the board.
5.	 Name: Rose John	MEMBER. Date of appointment...19 th January 2021 Age: 35 years She holds a diploma in Farm Resource Management from Egerton University and has 7 years of experience in the field.
6.	 Name: Pst. David Nduva	MEMBER. Date of appointment...19 th January 2021 Age: 56 Years He holds a degree in Biblical studies and he has served as a member of the Board since 2013. He is highly knowledgeable and has the zeal to support the Hospital to attain its full potential
7.	 Name: Eunice Nzyuko	MEMBER. Date of appointment...19 th January 2021 Age: 50 years Madam Eunice Nzyuko is a community health volunteer and the chairperson of the quality health care sub- committee since its formation. She has served in the board since 2021.

III. Management Team

Ref	Management	Details
1.	 Dr Natasha Uchi	MEDICAL SUPERINTENDENT. Holds a Bachelor's Degree in Medicine & Surgery from Kampala International University and previously served as a medical Superintendent at Tawa Sub- County Hospital. She is the medical superintended.
2.	 Ruth Matingi	HEALTH ADMINITRATIVE OFFICER. Holds a Diploma in Business Management from Kenya Institute of Management. She is the Health Administrative Officer of the facility.
3.	 Samuel Muoki	NURSING OFFICER INCHARGE. Holds a Bachelor's Degree in Nursing from the University of Nairobi. He is a healthcare leader with over 7 years' experience in both private and public practise. Certified in Basic Life Support (BLS), HIV prevention and care, Reproductive health, Monitoring and Evaluation and Clinical research.
4.	 Dr Sila Mwanzia	PHARMACIST He holds a Bachelor of Pharmacy degree from Mount Kenya University, a Bachelor of Science (Hons) in Microbiology from Moi University, and is currently enrolled in Master of Clinical Pharmacy at the University of Nairobi. He is a

		<p>member of the American Society of Microbiologists (ASM) and the Pharmaceutical Society of Kenya (PSK). He has a wealth of experience in clinical research, previously worked at KEMRI as a research assistant and in supply chain management and is passionate about the patient and aspires to be a healthcare leader.</p>
5.	 <p>Everlyne Mulei</p>	<p>ACCOUNTANT.</p> <p>Holds a bachelor's degree in commerce (Accounting option) from Jomo Kenyatta University of Agriculture and Technology, A Master's degree in Finance (MSC- Finance) from the University of Nairobi, she is also a certified Public Accountant (CPA-K) and a member of ICPAK. She has over 7 years of work experience and has a wealth of knowledge having worked in both public and private sectors.</p>
6.	 <p>Name: Christopher Mambo</p>	<p>SUPPLY CHAIN MANAGEMENT OFFICER</p> <p>Holds a Diploma in Procurement and Chain Management from Machakos University. He is a member of Kenya Institute of Supplies Management.</p>

IV. Chairman's Statement

The hospital has undertaken some key growth steps over the last two years under the leadership of the current management team. Through the various controls and management committees the hospital's budgets and expenditures have been coiled to ensuring improvement of service delivery with efficiency and accountability.

During the financial years 2020/2021 and 2021/2022 Matiliku SCH constructed hospital incinerator and a full haemogram machine for the laboratory department. The hospital also undertook a project to renovate the maternity ward and also acquired a water tank to counter the water supply shortages within the area.

In addition, the hospital has been pushing for a rehabilitative centre that went through during the FY 2021/2022 budget public participation. The unit will serve the residents of Matiliku area who will not have to travel to the County Referral Hospital for X-ray services.

Despite the continuing efforts to improve the hospital's functioning, the management has been facing some challenges that have acted as drawbacks to its effectiveness. These challenges include;

- i. Underfunding of the hospital for smooth running- the hospital doesn't receive adequate funding both from the county government as well as through revenue collection. This in turn affects the operations of hospital activities.
- ii. Shortage of staff-the hospital currently faces an acute shortage of staff in almost all the departments. This has affected smooth service delivery within the hospital.
- iii. Power supply interruption and blackouts. For overtime power supply within the region has been unreliable. Although the hospital has a standby power generator, in case of breakdown, vital operations are impossible in case of power outages.
- iv. Water Shortage-the hospital relies on water from a private water supplier. In case there is no water from the borehole, some of the activities including hospital sanitation are greatly affected.

As the hospital chairman, I would like to propose the following as the way forward:

1. The county government should consider more funding to the facility in the subsequent financial years to cater for the hospital needs.
2. The county Government should support the hospital by posting more staff to the facility as per departmental and workload needs as it has been witnessed of late.
3. Through KPLC, the county Government should lobby for stabilised power line to the hospital and an independent hospital transformer.
4. In future, the county Government should consider drilling an hospital borehole and probably more water storage tanks as a backup.
5. Following the construction of inpatient wards, the county government should consider building a hospital mortuary for storage of dead bodies awaiting burial.
6. The county government should follow up and ensure that the facilities rehabilitative unit has been constructed this financial year as earlier planned.
7. The county government should ensure that all drugs are supplied to the facility on time without further delay.



Benard Mwalimu
Chairman, Board of Management
Date: 5-06-2024

05 JUN 2024

V. Report of The Chief Executive Officer

The saying "Change is the only constant in life" is attributed to the Greek philosopher Heraclitus, who flourished around 500 BC. That being said, organizational success requires adaptation, teamwork, strong leadership, and governance. This fiscal year, these have been our primary pillars in the hospital's performance.

Health programs and investment areas, as well as the well-known WHO health system building blocks, stimulate healthcare investment. These are examples of appropriate human resources for health, an effective service delivery system, proper health infrastructures, access to critical health items, adequate health information, adequate health financing, and comprehensive health leadership.

Matiliku sub-county hospital was able to carry out the following activities during the fiscal year 2021-2022 in accordance with the yearly work plan and the county's strategic health plan. The facility managed to undertake activities in all areas of health care; promotive, preventive, curative and rehabilitative.

We have made significant efforts this fiscal year to ensure that people have increased control over their health through our health promotion and disease prevention programs, which focus on keeping people healthy as defined by the World Health Organization. Individuals and communities can select healthy habits and make changes that minimize their risk of developing chronic diseases and other morbidities through participation and empowerment.

Our health promotional services covered the following: weekly health talks at the outpatient clinic, weekly forums for Continuous Medical Education (CMEs), monthly outreach programs to neighbouring villages, setting up counselling for victims of GBV, provision youth-friendly services, educating schools about hospital services to increase student participation in Edu Afya and attending public involvement meetings to educate the public on hospital priorities and lobby for ward development fund funds.

Our health-prevention services accomplished the following goals: performing routine immunizations 5 days each week, once a month, perform immunization exercises for routine immunizations, COVID-19 vaccination administration at the facility and surrounding areas via outreach services, noncommunicable disease screening at the facility and community levels,

VI. Statement of Performance Against Predetermined Objectives

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

Matiliku Sub County Hospital has six (6) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2021- 2022. These strategic pillars are as follows;

Pillar 1: Health Care Financing

Pillar 2: Health Human Resource

Pillar 3: Medical products & commodities

Pillar 4: Health information Systems

Pillar 5: Leadership & Governance

Pillar 6: Service delivery

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

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Financing	Increase revenue collection quarterly.	Funds available and payments done	Budgeting for collected funds.	Funds availed.
Pillar 2: Health workforce	To ensure staff are appraised. To recruit other professionals.	Enlightened and motivated staff.	Quarterly appraisal of staff. Interviewing of other professionals.	Appraising of staff done quarterly
Pillar 3: Medical products and Commodities	To ensure adequate	Availability of commodities.	Procurement of drugs quarterly.	Procurement has been done

deworming and vitamin A administration to preschoolers, HPV immunization and holding birth classes every month by providing pregnant women with expert birth attendants.

Curative care has been an important component of our health programs in the FY2021-2022 tailored to our communities' needs. Our curative programs included: daily patient care in the out-patient department, admitting the critically ill for in-patient care and supervision, organizing weekly out-patient clinics (MOPCs), carrying out surgical treatments on patients in need, ensuring that patients have access to commodities and prompt referral for serious cases requiring additional management.

We were able to provide the following rehabilitative based services: physiotherapy services to patients at the hospital, counselling services for liable patients, either individually or in groups and mentorship programs to medical students.

Despite significant achievements in governance and leadership, service delivery, health infrastructure, health commodities and vaccinations, human resources for health, and healthcare funding, we continue to face the following problems as a facility: Poor road networks consequently resulting in frequent ambulance vehicle breakdowns during referrals, frequent power interruptions owing to an insufficient power supply, inconsistent water delivery to the hospital from water vendors during power failures, inadequate office space for personnel to work, insufficient space and equipment for rehabilitative services i.e. X-ray services are not provided at the facility, delays in supplies, such as poor refill rates for both pharmaceutical and non-pharmaceutical items, shortage of nurses and other staff members at the hospital, no utility vehicle for running local community activities, such as outreaches and lastly, the unavailability of specialists at the hospital for complex patients, resulting in increased inter-hospital referrals.

for. 

Dr. Natasha Uchi

Medical superintendent

Date:05.06.2024.....

05 JUN 2024

	supply of drugs and commodities.		Procure non pharms quarterly.	quarterly.
Pillar 4:Health Information System	To ensure timely and accuracy reporting of data	Timely data available	Hold quarterly data review meetings. Monthly uploading of data in Kenya Health Information Systems.	Four quarterly data review meetings held. Monthly data uploaded
Pillar 5:Leadership & Governance	To mentor HMT members.	Enlightened staff on leadership governance.	Mentor and Hold 4 quarterly HMT meetings.	HMT members mentored and held 4 quarterly HMT meetings.
Pillar 6:Service Delivery	To provide effective and efficient promotive and preventive services	Enlightened customers and improved health	Conduct monthly outreaches	Outreaches done on monthly basis. Weekly MOPCs clinics done.

VII. Corporate Governance Statement

Matiliku Sub County Hospital in the last financial year 2021-2022 held four (4) board meetings (one (1) in each quarter) and all the nine (9) board members fully attended all the meetings. The process of appointment of the board members is through the hospital in charge in consultation with the HMT members HMC members and the CEO initiates and coordinates the selection process of new HMC members at least six months before the expiry of the term of each member. 7 or 9 members appointed by the CEC of health. They shall hold office for a period of 3 years and the members are eligible for a period of further one term. The members must hold at least 0-level certificate of education or its equivalent and they should reside in the hospital's service area.

The members of the Board are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the Hospital in accordance with accepted corporate practices.

Board Appointment

Matiliku Sub County Hospital Board is well composed in terms of range and diversity of skills, knowledge, academic qualifications, gender, age and experience in various sectors which makes it effective and provides balance for the oversight role of the Board's mandate. The Medical Superintendent is the Secretary to the Board.

The roles and functions of the board members are:

- Planning
- Financial management
- Service delivery
- Capacity building

Explained further:

Planning that is consistent with government policies and regulations. Participating in planning for the hospital i.e. the HMC has responsibility and authority for planning in line with the health guidelines

Ensuring development of hospital Human Resource i.e. The HMC has the responsibility for the organization, protection and enhancement of the hospital's human resources and ensuring a conducive work environment.

Regulatory compliance i.e. The health care service delivery is governed by laws and regulations. HMCs responsibility in this respect ensures the hospital complies with the laws and regulations.

Risk Management – The HMC shall be concerned with the overall risk to the hospital and the impact a particular event could have on the hospital and the community it serves. It shall ensure the hospital has strategies and systems to identify and mitigate risk.

Mobilizing resources i.e. the HMC has a responsibility to ensure that adequate capital is available for the hospitals development and operations.

Overseeing the financial operation of the hospital i.e. It ensures a sound financial management system encompassing financial plans, performance evaluation and regular financial reporting to the chief officer.

Overseeing the hospital performance improvement i.e. the board members oversees the review and evaluation of the performance of the hospital and its programs, the quality of services, and the types and scope of services being offered and ensure that areas that require improvement are appropriately addressed.

Ensuring community's rights are fulfilled and their needs are adequately met by evaluating the services of the hospital to ensure that they fulfil the rights of the communities and comprehensively address their needs.

Maintaining a positive public image by regularly evaluating the hospitals public relations activities to ensure it maintains a positive image of the hospital by ensuring patients' rights charters are developed and positioned at the right place.

All the board members have been fully inducted and trained in the facility and this was done before assumption of their duties and responsibilities in the hospital.

Board Committees

The Board has the following two (2) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

These committees are: -

- Finance and General Purpose Audit
- Quality Health Care / Primary Health Care National Hospital

The responsibilities and attendance of meetings during the year is as summarized below: -

Finance and General Purpose Audit

The Committee which is comprised of six members is charged with the responsibility of advising the board as well as scrutinizing the Hospital quarterly expenditure.

Quality Health Care / Primary Health Care

The Committee is tasked with identifying health care service problems in the Hospital and ensuring that they are resolved, review any changes on policy issues on standards, quality assurance and research, liaise with the Medical Superintendent on matters of quality health care delivery, and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital.

The Committees held four (4) meetings during the year under review.

Hospital Board Ethics

The Board members and Hospital staff have a fiduciary duty to act honestly and in the best interest of the Hospital. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board members enhances good relationships to foster teamwork among Board members and staff and to build respect, confidence and credibility within the community.

The Board members and staff are expected to adhere to ethical and acceptable behaviour in conducting their duties and responsibilities. All members and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital.

The Board also developed a Complaints and Compliments Policy which is aimed at protecting staff who act in good faith to disclose or report any acts of malpractice, alleged dishonesty, corruption, illegality, wrong-doing or omissions by employees.

The Hospital's Service Charter has been cascaded to all staff and displayed at strategic locations, is monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of Matiliku Sub County Hospital customers. During the year, the level of customer satisfaction on the Hospital's services was good. The Board is committed to continually improve access to information by the public and provision of efficient and quality specialized healthcare services to the public.

VIII. Management Discussion and Analysis

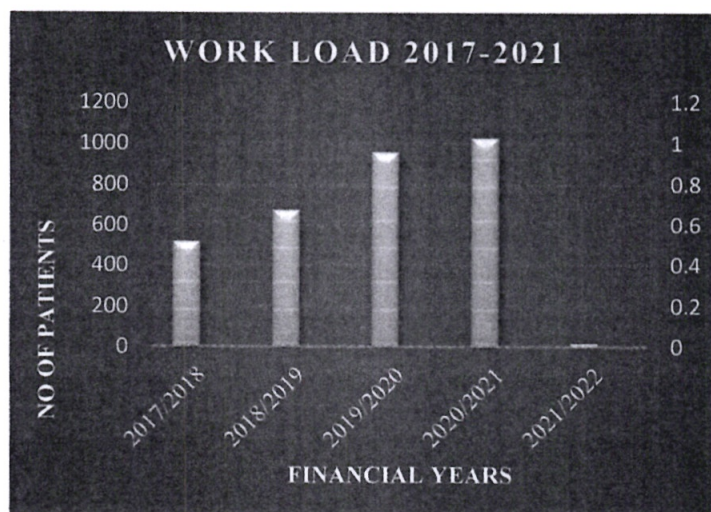
In the FY2021/22 the hospital continued to provide quality health care, however it was a year that the hospital continued to struggle stabilise from Covid 19 post effects.

Clinical/operational performance

The following represents a summary of the hospital's operational performance during the financial year 2021/2022.

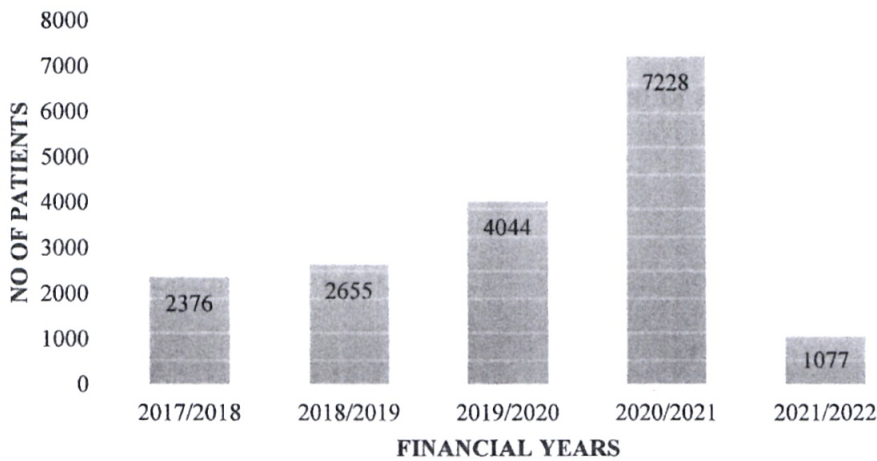
- Bed capacity of the hospital - 34
- Overall patient attendance during the year for both inpatient and outpatient -57,496.00
- Accident and Emergency attendance - 0
- Specialised clinic attendance -12,886.00
- Average length of stay for inpatient -5 days
- Bed occupancy rate - 67%
- Mortality rate-0.2
- Surgical theatre utilisation (number of operations over a period of time) -202
- Sponsorships and partnerships

The number of patients attended to (both inpatient and outpatient), specialised clinics attendance, mortality rate, surgical theatre utilization, average inpatient stay, hospital's bed capacity and the bed occupancy rate over a period of five (5) financial years are indicated in the following figures;

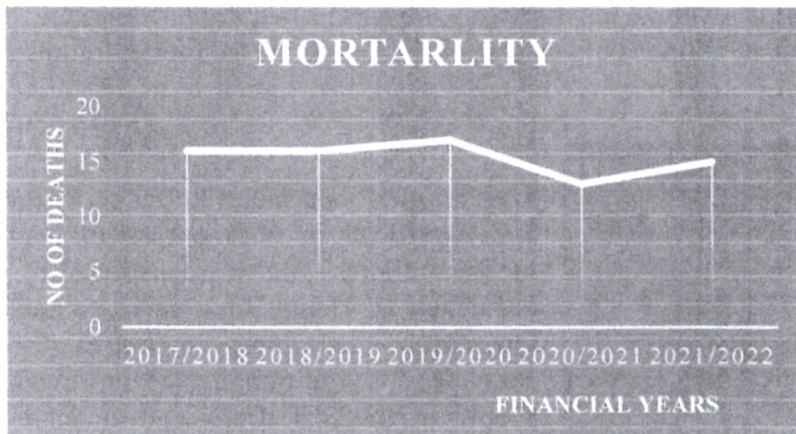


The hospital continued to experience high workload in both outpatient and inpatient clinics. This was constituted by expansion of Health care services and integrated community outreaches contacted. Additionally, improved supply of medical drugs and constant provision of laboratory services has also triggered a high inflow of patients. Further, global increase in NCDs continued to contribute towards increased seek for outpatient services

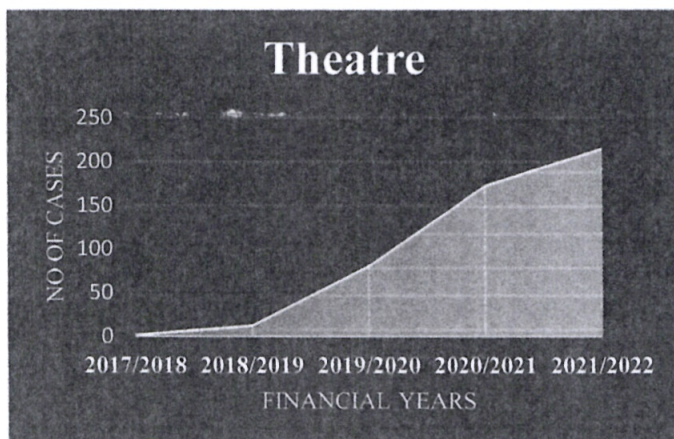
Clinics



Due to the COVID-19 Pandemic during the FY 2020/21, the number of patients visiting clinics increased as seen in the graph above compared to FY2019/20 and other financial years. We also partnered with an NGO Metronic Foundation which assisted in the clinics during the financial year. In the FY 2021/2022 there was a decrease in the overall number as some of the patients had to change their clinic locations and a fixed clinical dates were used to the rest of the patients.



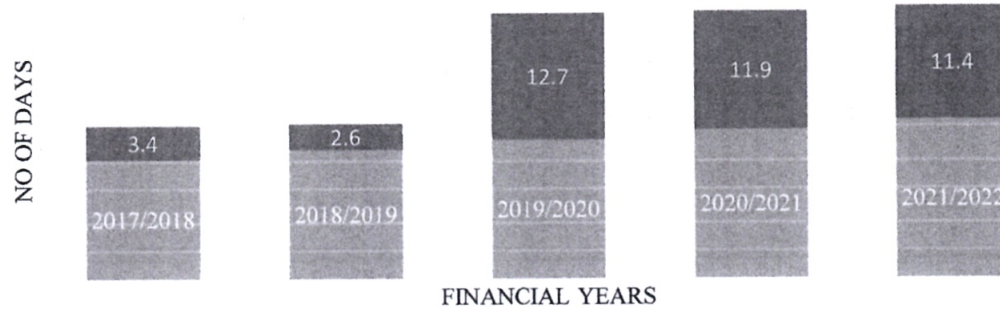
Late diagnosis of chronic diseases has been a leading cause of deaths. The hospital has spearheaded on health promotion activities through support from the county government to enlightened community so as seek for continuous screening and early diagnosis hence early treatment.



In FY2017/18, the hospital through support from the county government constructed and equipped theatre. Expansion of health services gradually triggered increase in theatre cases handled by the facility reducing referrals to county referral hospital. Currently, theatre services are well utilised with very few referrals from the facility. The hospital continued to receive referrals from

periphery facilities, and hence high increment.

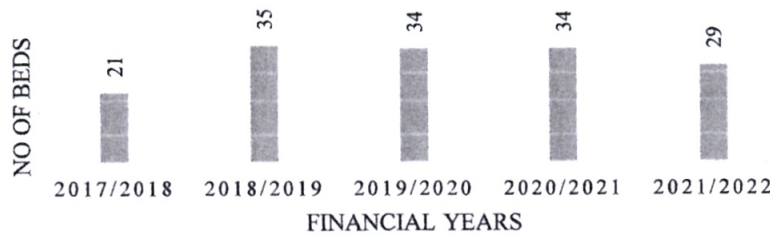
AVERAGE LENGTH OF STAY



Currently, the average patient hospital stay is 11.4 days, this is an increase from 2.6 days in

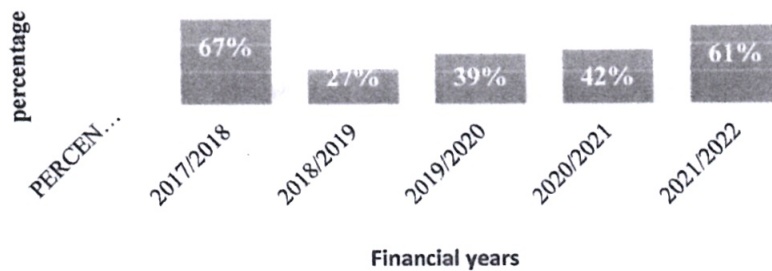
FY2018.19. The increment is linked to COVID 19 pandemic that called for continued patient management. The hospital continues to commit itself in ensuring that the average length of stay is reduced.

BED CAPACITY



The hospital has 34 bed capacity however after the outbreak and surge for COVID 19. The hospital was called upon to release 5 Beds to county COVID 19 Centre hence the number reduced to 29.

% occupancy rate



Bed occupancy rate increased from 39%, 42% to 61% in FY2019/20, 2020/21 and FY2021/22 respectively. A close analysis indicate that the number increased to increased number of inpatients from COVID 19 cases.

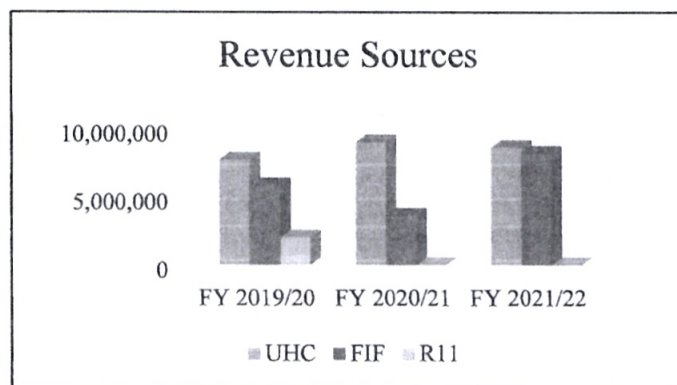
Financial performance

The Hospital has two main Revenue sources, that is; The hospital collections (FIF) and the amount given by the County Government as recurrent.

However, the Hospital has entered into contract with the National Hospital Insurance Fund (NHIF). The scheme also acts as a source of Revenue with Linda Mama and Edu Afya programmes that were initiated by the National Government.

The table below represents the revenue and their utilisation over the last 3 years

Financial year	Revenue Source	Revenue	Utilization	Utilization Difference	Absorption Rate
2019/2020	FIF	5,808,815	5,787,255	21,560	100%
	R11	2,000,000	1,999,960	41	100%
	UHC	7,699,842	7,696,343	3,499	100%
2020/2021	FIF	3,609,828	3,413,675	196,153	95%
	UHC	9,000,000	8,998,233	1,767	100%
2021/2022	FIF	8,170,328	4,468,233	3,702,095	55%
	UHC	8,600,000	8,588,875	11,125	100%



As indicated earlier the hospital receives money from the county government transfer to support Universal Health Care Program and out of pocket payment by the patients which are termed as facility improvement fund(FIF). The county government support is the key source of revenue for the last 3 years. However, FY2021/22 the county funding proved unsustainable and therefore the hospital focused on revenue enhancement from

other sources i.e. Linda Mama, NHIF and Edu Afya. Revenue utilisation for the approved budget has been approximately 100% over the years.



Dr. Natasha Uchi
Medical Superintendent

05 JUN 2024

IX. Environmental and Sustainability Reporting

Matiliku Sub County Hospital is committed to transform the lives of the citizens who seek services from our facility. Our service delivery charter is what guides us to deliver our strategy, putting the client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Matiliku Sub County Hospital is committed in ensuring that its natural resources are well conserved to support health and well-being of its clients by ensuring a clean environment, providing a safe drinking water and the facility is free from toxic substances and hazards.

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of available resources, predominantly energy, through Electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible. The facility ensures that there is proper handling of waste from the point of use by provision of recommended waste bins proper transportation by use of designated trolleys to the disposal sites. Then the disposal sites are well secured to prevent access from animals and unauthorized persons.

iii) Employee welfare

The focus of attracting and utilizing talent in healthcare market continues to be a challenge. We give an open opportunity to all interested candidates by publicly advertising. Matiliku SCH ensures their equity, and fairness during the recruitment process of its employees. There is need to improve on knowledge management and human capacity.

iv) Market place practices-

The hospital continues to put more effort on the areas indicated below.

(a) Responsible competition practice.

The Hospital promotes corruption free process to ensure fairness to all more so in purchasing and tendering.

(b) Responsible Supply chain and supplier relations

The Hospital ensures that only contracted suppliers are awarded tenders.

(c) Responsible marketing and advertisement

The Hospital engages in fair and realistic marketing campaigns for its services.

(d) Product stewardship

The Hospital safeguards the quality of the services it offers through appropriate feedback mechanisms.

v) Corporate Social Responsibility / Community Engagements

The commitment of Matiliku Sub County Hospital to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Matiliku Sub County Hospital aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all.

Matiliku Sub County Hospital Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The main activities undertaken during the year herein outlined below:

Matiliku Sub County Hospital Public Open Day

In line with the constitution, Chapter 4 on Bill of Right, Matiliku Sub County Hospital held Open Days to Mother and Child Health, NCDs clients by nutrition department and other departments to provide the public a special platform for health workers to interact and receive feedback from the clients on healthcare services.

XI. Statement of Board of Management's Responsibilities

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


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


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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/06/2024 and signed on its behalf by:


.....
Name: Benard Mwalimu
Chairperson


.....
Name: Dr Natasha Uchi
Accounting Officer/ Medical
Superintendent

05 JUN 2024

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Matiliku Sub-County Level 4 Hospital – County Government of Makueni set out on pages 31 to 79, which comprise of

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial Performance

The statement of financial performance reflects rendering of services – medical service income amount of Kshs.1,554,358 for the year under review. However, corresponding disclosure Note 11 to the financial statements reflects an amount of Kshs.1,385,305 resulting in an unexplained variance of Kshs.169,053. Further, the statement reflects other income amount of Kshs. 6,718,740. However, the corresponding disclosure Note 14 to the financial statements reflects an amount of Kshs.6,887,793 resulting in an unexplained variance of Kshs.169,053.

In the circumstances, the accuracy and completeness of medical services income and other income of Kshs.1,554,358 and Kshs.6,718,740 respectively could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.7,010,799. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.7,010,799 could not be confirmed.

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

The statement of financial performance reflects employee costs of Kshs.3,787,590 as disclosed in Note 16 to the financial statement. The amount relates to casuals and contractual staff compensation. The Hospital received services from (19) medical staff

employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.3,787,590 could not be confirmed.

4. Unconfirmed Inventories Balance

The statements of financial position reflect inventories balance of Kshs.6,667,440 as disclosed in Note 30 to the financial statements. However, there was no evidence of the annual stock take having been conducted to confirm the quantities, value and status of closing inventories balances.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.6,667,440 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of the Financial Statements

The financial statements of the Hospital for the financial year ended 30 June, 2022 were submitted for audit on 6 April, 2023, six (6) months after the statutory deadline. This was contrary to Section 68 (2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within

three months after the end of the financial year and submit them to the Auditor-General for audit.

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

2. Failure to Prepare Quarterly Revenue Reports

The statement of financial performance reflects Kshs.1,554,358 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor-General. This was contrary to Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

3. Non-Compliance with Requirements on Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by staff requirements of ninety-two (92) or 91% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anesthesiologists	2	2	0	0
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	15	60	80
Total	101	19	92	91

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

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	40	110	73
Resuscitaire (2 in labor & 1 in Theatre)	5	1	4	80

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
New Born Unit Incubators	5	4	1	20
New Born Unit Cots	2	1	1	50
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	1	1	50
Total	181	47	134	74

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

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

4. Failure to Dispose Non-Serviceable Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.7,010,799. However, field verification revealed unserviceable assets of 2 motor vehicles that have not been disposed of and the same continue to deteriorate in value. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

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

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

2. Lack of Risk Management Policy

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

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

3. Defective Hospital Equipment

Physical inspection of the Hospital premises and facilities carried out in the month of April, 2024 revealed the following:

No.	Location	Equipment	Condition
1	Laboratory	Bio-Safety Cabinet	Not Working
2	Casualty Department	Monitors and Ventilators	Not Adequate
3	Dental Department	New Dental Chair	No Dental Technologist
4	Physiotherapy, Occupational Therapy and Plaster Technology Departments	Space	All Occupying a Tiny Room
5	Maternity Ward	Ultra Sound Machine	No Ultra Sound Technician

No.	Location	Equipment	Condition
6	Wards	Laundry Machine	Not working
7	Staff Houses	11 Staff Houses	One-3 Bedroom House's Roof destroyed and 10 Houses occupied by Staff but no Evidence of Rent Payment
8	Morgue	Morgue	None Despite Dense Population
9	Houses	Majority of the Houses	Asbestos Roofing which is a Health Hazard

There was no evidence of the measures being taken by the Management to rectify the deficiencies which may impact on the effective delivery of service to the public.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 June, 2024

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
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	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	8,600,000	-
In-kind contributions from the County Government	7	11,569,601	-
Grants from donors and development partners	8		-
Transfers from other Government entities	9		-
Public contributions and donations	10		-
			-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	1,554,358	
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income	14	6,718,740	-
Revenue from exchange transactions		28,442,699	-
Total revenue			-
Expenses			
Medical/Clinical costs	15	5,739,604	-
Employee costs	16	3,787,590	-
Board of Management Expenses	17	225,000	-
Depreciation and amortization expense	18	2,068,201	-
Repairs and maintenance	19	1,674,550	-
Grants and subsidies	20		
General expenses	21	6,823,718	-
In-kind contributions from the County Government	7	11,569,601	-
Total expenses		31,888,264	
Other gains/(losses)			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		


Mumina SW - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022

Impairment loss	26	-	
Gain on foreign exchange transactions		-	
Total other gains/(losses)		(3,445,565)	-
Net Surplus for the year			
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			


The Hospital's financial statements were approved by the Board on 5/6/2024 and signed on its behalf by:



Name: Benard Mwalimu
Chairman
Board of Management

for: 

Name: Everlyne Mulei
Head of Finance
ICPAK No: 28785

for: 

Name: Dr Natasha Uchi
Medical Superintendent

05 JUN 2024

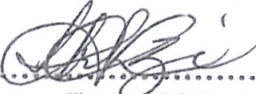
XIV. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22 Kshs	2020/21 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,071,950	-
Receivables from exchange transactions	28		
Receivables from non-exchange transactions	29		
Inventories	30	6,667,440	-
Total Current Assets			
Non-current assets			
Property, plant, and equipment	31	7,010,799	
Intangible assets	32		
Investment property	33		
Total Non-current Assets			
Total assets		17,750,189	
Liabilities			
Current liabilities			
Trade and other payables	34	4,977,392	
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Total Current Liabilities			
Non-current liabilities			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability	40		
Total Non-current liabilities			
Total Liabilities			
Net assets			


Mau Mau - County Level 4 Hospital (Government of Maukeni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revaluation reserve			
Accumulated surplus/Deficit		(3,445,565)	
Capital Fund		16,218,362	
Total Net Assets and Liabilities		17,750,189	

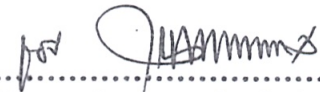
The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:



Name: Bernard Mwalimu
Chairman
Board of Management



Name: Everlyne Mulei
Head of Finance
ICPAK No: 28785



Name: Dr Natasha Uchi
Medical Superintendent


05 JUN 2024


*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

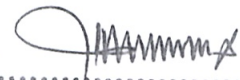
XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-			
Revaluation gain	-			
Surplus/(deficit) for the year	-	(3,445,565)		(3,445,565)
Capital/Development grants	-		16,218,362	16,218,362
At June 30, 2022	-			12,772,797

The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:


Name: Benard Mwalimu
Chairman
Board of Management


Name: Everlyne Mulei
Head of Finance
ICPAK No: 28785


Name: Dr Natasha Uchi
Medical Superintendent

05 JUN 2024

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

Description	Note	2021/22 Kshs	2020/21 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		8,600,000	
Grants from donors and development partners			
In- kind contributions from the County Government		11,569,601	
Public contributions and donations			
Rendering of services- Medical Service Income		1,385,305	
Revenue from rent of facilities			
Finance / interest income			
Other receipts		6,887,793	
Total Receipts		28,442,699	
Payments			
Medical/Clinical costs		5,739,604	
Employee costs		3,787,590	
Board of Management Expenses		225,000	
Repairs and maintenance		1,674,550	
Grants and subsidies			
General expenses		6,823,718	
Finance costs		-	
In- kind contributions from the County Government		11,569,601	
Total Payments		29,820,063	
Net cash flows from operating activities	41	3,600,028	
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		(479,000)	
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		3,121,028	
Net increase/(decrease) in cash and cash equivalents		3,121,028	

Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022

Cash and cash equivalents at 1 July	27	950,922	
Cash and cash equivalents at 30 July	27	4,071,950	

The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:

.....
 Name: Benard Mwalimu
 Chairman
 Board of Management

.....
 Name: Everlyne Mulei
 Head of Finance
 ICPAK No: 28785

.....
 Name: Dr Natasha Uchi
 Medical Superintendent

05 JUN 2024

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*


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 utilization
	A	b	c=(a+b)	D	e=(c-d)	f=d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from the County Government	8,600,000	-	8,600,000	8,600,000	-	100%
In kind Contributions	11,569,601	-	11,569,601	11,569,601	-	100%
Rendering of services- Medical Service Income	1,692,305	-	1,692,305	1,554,358	137,947	9%
Other receipts	6,580,793	-	6,580,793	6,718,740	(137,947)	2%
Total income	28,442,699	-	28,442,699	28,442,699	-	
Expenses					-	
Medical/Clinical costs	3,444,596	-	3,444,596	5,789,604	(2,345,008)	68%
Employee costs	3,304,000	-	3,304,000	3,787,590	(483,590)	15%
Remuneration of directors	225,000	-	225,000	225,000	-	100%
Repairs and maintenance	1,061,818	-	1,061,818	2,068,201	(1,006,383)	95%
General expenses	4,561,981	-	4,561,981	6,823,718	(2,261,737)	50%
In kind Contributions	11,569,601	-	11,569,601	11,569,601	-	100%
Total Expenses	24,166,996	-	24,166,996	30,263,714	(6,096,718)	
Surplus for the period	4,275,703	-	4,275,703	(1,821,015)	6,096,718	-
Capital expenditure	485,000	-	485,000	485,000	-	100%


*Maitika Sub - County Level Hospital (Government of Matuent County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

- *The actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is on cash basis; statement of financial performance is on accrual basis). The statement of financial performance includes the non-cash expenses (depreciation & amortization expenses) and loss from medical service contracts.*
- *The surplus excluding those expenses is Ksh 4,514,395 as per the statement of appropriation unlike when included; a deficit of Kshs. 528,062 as per the statement of financial performance.*

The notes set out on pages 10 to 86 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 5/06/2024 and signed on its behalf by:


.....
Name: Benard Mwalimu
Chairman
Board of Management


.....
Name: Everlyne Mulei
Head of Finance
ICPAK No: 28785


.....
Name: Dr Natasha Uchi
Medical Superintendent

05 JUN 2024

XVIII. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

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> <p>(a) The nature of such social benefits provided by the Entity;</p>

**Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022**

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

**Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022**

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

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the FY2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

***Matiliku Sub - County Level 4 Hospital (Government of Makeni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022***

The original budget for FY 2021/2022 was approved by Board on 7th July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of nil on the FY 2021/2022 budget following the Board's approval. The 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.

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

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

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

e) Property, plant and equipment

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

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

f) Leases

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

associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive

intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current

replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the

current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

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

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is

being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

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

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

6. Transfers from The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	8,600,000	
Level 5 grants	-	
Other grants	-	
	8,600,000	
Conditional grants		
User fee forgone	-	
Transforming health services for Universal care project (THUCP)	-	
DANIDA	-	
Wards Development grant	-	
Paediatric block grant	-	
0Administration block grant	-	
Laboratory grant	-	
Total government grants and subsidies	8,600,000	

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

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 2021/22
			KShs	KShs	KShs
Makueni County Government	8,600,000.00	-	-	-	8,600,000.00
Total	8,600,000.00	-	-	-	8,600,000.00

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	-	
Pharmaceutical and Non-Pharmaceutical Supplies	11,417,906	
Medical supplies-Drawings Rights (KEMSA)	-	
Utility bills	151,695	
Total grants in kind	11,569,601	

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

8. Grants From Donors and Development Partners

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

(Provide brief explanation for this revenue)

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

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

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

9. Transfers from Other Government Entities

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

10. Public Contributions and Donations

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	402,470	
Non-Pharmaceuticals		
Laboratory	213,635	
Radiology	85,000	
Orthopaedic and Trauma Technology		
Theatre		
Accident and Emergency Service		
Anaesthesia Service		
Ear Nose and Throat service		
Nutrition service	3,850	
In Patient services	132,820	
Health Records	138,750	
Out-patient Services	408,780	
Cancer centre service		
Dental services		
Reproductive health		
Paediatrics services		
Farewell home services		
Other medical services income		
Total revenue from the rendering of services	1,385,305	

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

12. Revenue from Rent of Facilities

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

13. Finance /Interest Income

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

14. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries – NHIF	6,580,793	
UHC	307,000	
Income from sale of tender		
Income from internship (Administration)		
Services concession income		
Total other income	6,887,793	

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	15,000	-
Laboratory chemicals and reagents	449,930	
Public health activities	-	
Food and Ration	2,446,046	
Uniform, clothing, and linen	32,500	
Dressing and Non-Pharmaceuticals	1,974,022	
Pharmaceutical supplies	297,896	
Health information stationery	-	
Reproductive health materials	-	
Sanitary and cleansing Materials	524,210	
Purchase of Medical gases	-	
X-Ray/Radiology supplies	-	
Other medical related clinical costs	-	
Total medical/ clinical costs	5,739,604	

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

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances (gross salary)	2,199,200	
Contributions to pension schemes (employer contribution)		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs – locum allowances	1,588,390	
Employee costs	3,787,590	

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

*Matiliku Sub - County Level 4 Hospital (Government of Makeni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	225,000	
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance + lunch		
Airtime allowances		
Total	225,000	

18. Depreciation and Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	2,068,201	
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	2,068,201	

19. Repairs and Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	512,650	
Medical equipment	607,200	
Office equipment		
Furniture and fittings		
Computers and accessories	426,900	
Motor vehicle expenses	127,800	
Maintenance of civil works		
Total repairs and maintenance	1,674,550	

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

20. Grants and Subsidies

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

21. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses		
Catering expenses	479,323	
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	57,357	
Conferences and delegations		
Consultancy fees		
Contracted services	379,600	
Electricity expenses		
Refined fuel for production		
Refined fuel for transport		
Other fuels	358,800	
Insurance		
Research and development expenses		
Travel and accommodation allowance	1,117,890	
Legal expenses		
Licenses and permits		
Courier and postal services	9,450	
Printing and stationery	610,497	
General Office Supplies	682,373	
Hire charges		
Rent expenses		

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Description	2021/22	2020/21
	KShs	KShs
Water and sewerage costs	260,600	
Skills development levies		
Telephone and mobile phone services	318,000	
Internet expenses		
Staff training and development		
Library books/Materials		
Parking charges		
Refined Fuels	2,549,828	
In kind contributions from the County Government		
Other operating expenses		
Total General Expenses	6,823,718	

22. Finance Costs

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

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

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
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	-	-

*Matiliku Sub - County Level 4 Hospital (Government of Makeni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash and Cash Equivalentents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	4,071,950	
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others		
Total cash and cash equivalentents	4,071,950	

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank-fif	1146092326	3,942,137	
Kenya commercial bank -RII	1147481083	129,812	
Sub- total		4,071,950	
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others		-	-
cash in hand		-	-
Mobile money		-	-
Sub- total		-	-
Grand total		4,071,950	

28. Receivables from Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables-NHIF		
Medical services receivables - LINDA MAMA		
Rent receivables		
Other exchange debtors	-	
Less: impairment allowance	-	
Total receivables		

Notes to the Financial Statements (Continued)

29. Receivables from Non-Exchange Transactions

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

30. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	6,551,278	
Non-Pharmaceutical supplies		
Maintenance supplies		
Food supplies	116,162	
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	6,667,440	

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical Equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2021	-	-	-	3,583,000	970,000	4,047,000		8,600,000
Additions	-	-	-		479,000			479,000
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	3,583,000	1,449,000	4,047,000		9,079,000
Depreciation and impairment								
At 1 July 2021	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	358,300	362,250	1,347,651		2,068,201
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	-	-	358,300	362,250	1,347,651		2,068,201
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Net book values								
At 30 th June 2021	-	-	-	3,583,000	1,449,000	4,047,000		9,079,000
At 30 th June 2022	-	-	-	3,224,700	1,086,750	2,699,349		7,010,799

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade and Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	4,977,392	-
Employee dues	-	-
Third-party payments (<i>unremitted payroll deductions</i>)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	4,977,392	-

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

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	-	-

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

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 donation	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

39. Borrowings

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

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

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

40. Service Concession Arrangements

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

41. Cash Generated from Operations

Description	2021/22	2020/21
	KShs	KShs
Surplus for the year before tax	3,445,565	
Adjusted for:		
Depreciation	2,068,201	
Non-cash grants received		-
Impairment		-
Gains and losses on disposal of assets		-
Contribution to provisions		-
Contribution to impairment allowance		-
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables	4,977,392	
Increase in payments received in advance		
Net cash flow from operating activities	3,600,028	

Notes to the Financial Statements (Continued)

42. Financial Risk Management

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

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

(i) Credit risk

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

*Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

Notes to the Financial Statements (Continued)

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

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

The board of management sets the company’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1	Between 1-3	Over 5	
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*Matiliku Sub - County Level 4 Hospital (Government of Makeni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022*

	month	months	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	-	2,986,435	1,990,957	4,977,392
Current portion of borrowings	-	-		-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	2,986,435	1,990,957	4,977,392

(iii) Market risk

The hospital does not have an internal audit unit and therefore rely on County internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

a) Foreign currency risk

The hospital does not face any transactional currency exposures. It purchases goods and services in local currency.

b) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

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

Description	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve		
Retained earnings	(3,445,565)	
Capital reserve	16,218,362	
Total funds	12,772,797	
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	-

43. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Matiliku Sub - County Level 4 Hospital (Government of Makueni County)
Annual Report and Financial Statements for the Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Ministry of Health
- iii) Government of Makueni County
- iv) The County department of Health Services
- v) Hospital Management Committee
- vi) Hospital Executive Expenditure Committee
- vii) Hospital Management Team

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

44. Events After the Reporting Period

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

45. Ultimate and Holding Entity

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

46. Currency

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

05 JUN 2024