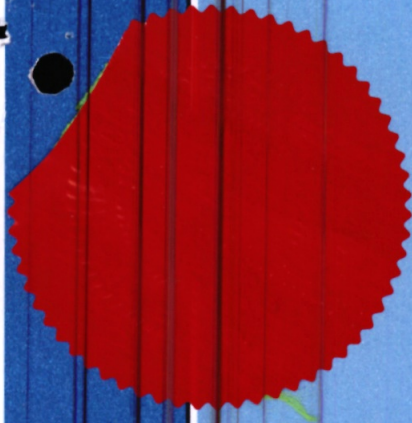
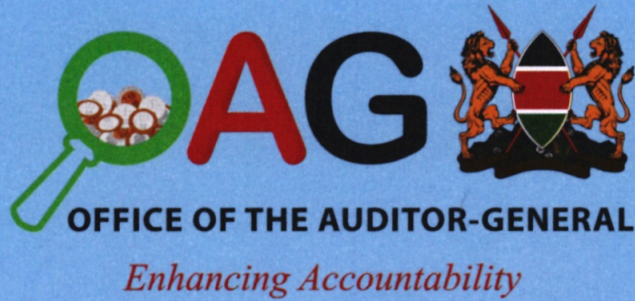


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

PAPERS LAID	
DATE	19/09/2024
TABLED BY	M.L
COMMITTEE	—
CLERK/STENOGRAPHER	Cynthia Chewp

THE AUDITOR-GENERAL

ON

MARINDI SUB-COUNTY HOSPITAL

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

COUNTY GOVERNMENT OF HOMA BAY



**County Government
of Homa Bay**

**MARINDI SUB-COUNTY HOSPITAL
(HOMABAY COUNTY GOVERNMENT)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

I. Table of Contents

I.	Key Information and Management	iv
II.	The Board of Management.....	v
III.	Management Team	vi Error! Bookmark not defined.
IV.	Chairman’s Statement.....	vii
V.	Report of the Medical Superintendent/Facility in charge	viii
VI.	Statement of Performance against Predetermined Objectives.....	ix
VII.	Corporate Governance Statement.....	x
VIII.	Management Discussion and Analysis.....	xi
IX.	Environmental and Sustainability Reporting	xii
X.	Report of the Board of Management.....	xiii
XI.	Statement of Board of Management’s Responsibilities	xiv
XII	REPORT OF THE INDEPENDENT AUDITOR.....	xv
XIII.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022	1
XIV.	STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022.....	2
XV.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022.....	3
XVI.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022..	4
XVII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022	5
XVIII.	Notes to the Financial Statements	6-16
XIX.	Appendices.....	17

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

I. Key Information and Management

(a) Background information

- (b) On November 4, 2022, Kenya Gazette Notice No. 13505 established Marindi Sub County Hospital, and the Homa Bay County Finance Bill 2023 provides it with authority and accountability. The entity is entirely owned by the County Government of Homa Bay and is headquartered in Kenya.

- (c) The organization's mission is to become a well-known institution that offers high-quality, efficient integrated medical care services as well as training for qualified healthcare workers.

The entity's principal function is to provide high-quality, integrated medical care services that are accessible and affordable, as well as to foster an environment that encourages active

(d) Principal Activities

The principal activities of the entity are to:

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

(e) Key Management

The Hospital's Day to day management is under the following key organs:

- vi. Board of Management

- vii. Medical Officer of Health

- viii. Hospital Management Team

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

I. Key Information and Management

(a) Background information

- (b) On November 4, 2022, Kenya Gazette Notice No. 13505 established Marindi Sub County Hospital, and the Homa Bay County Finance Bill 2023 provides it with authority and accountability. The entity is entirely owned by the County Government of Homa Bay and is headquartered in Kenya.
- (c) The organization's mission is to become a well-known institution that offers high-quality, efficient integrated medical care services as well as training for qualified healthcare workers.

The entity's principal function is to provide high-quality, integrated medical care services that are accessible and affordable, as well as to foster an environment that encourages active

(d) Principal Activities

The principal activities of the entity are to:

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

(e) Key Management

The Hospital's Day to day management is under the following key organs:

- vi. Board of Management
- vii. Medical Officer of Health
- viii. Hospital Management Team

(f) Fiduciary Management

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

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

Ref	Designation	Name
1	Medical Superintendent	Tobias Ochieng Oketch
2	Head of Finance and Administration	Lynette Ouma
3	Head of Nursing	Mercelyne Okidi

(g) Fiduciary Oversight Arrangements

Hospitals and health systems, as well as the people who sit on their committees and governingboards, are increasingly realizing the value of sound organizational monitoring. Because of thegrowing number of lawsuits, trustees must guarantee that their organizations take aggressive steps to protect themselves and individuals they serve. Marindi Sub County Hospital, as a government entity, has formed various committees to provide effective fiduciary oversight.

i. Quality Improvement Team

Quality Improvement Team (QIT) is a team taking lead to implement quality improvement activities. Group of multi skilled employee charged with responsibilities of improving processes or services. The team include top and middle management members to coordinate initial planningand implementation.

The members include;

Mr Tobias Ochieng Oketch (RCO I/C)

- Chairperson Mrs. Tabitha

Kerubo(Laboratory Manager) –

SecretaryMrs. Mercelyne Okidi

(Nursing Officer in Charge) Mrs. Emily

Atinda (Pharm in Charge))

Mr. Calvince Ochieng - (Nutritionist)

ii. Emergency Response Team

Hospital Emergency Response Teams (HERT) is comprised of multi disciplines and specialties that activate and respond during emergencies. The team is responsible for Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, decontamination, detection & monitoring and movement of patients into the facility or on to other definitive medical care. Themembers are;

**Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022**

1. Mr Tobias Ochieng Oketch (I/C) – Chairperson
- 2 Mrs. Mercelyne Okidi (Nursing Officer in Charge) Secretary
3. Mrs. Lynette Ouma (Health Administrator Officer)
4. Mrs. Emily Atinda (Pharm in Charge))
5. Mr. Calvince Ochieng - (Nutritionist

iii. Medicines and Therapeutic Committee

The Medicines and Therapeutics Committee (MTC) is a multidisciplinary committee tasked with overseeing policies and procedures governing all areas of drug and other HPT use. Drugs and Therapeutics Committees (MTCs) are formed in hospitals to improve the prescribing and administration of drugs. Its significance is evident in a variety of contexts, including the drug selection process, cost-effectiveness, and drug loss control. Overall, MTCs have played a significant role in promoting, managing, and teaching individuals about sensible drug use. This is especially evident in demonstrating how the presence of MTCs in hospitals would improve patient health outcomes while lowering overall drug costs. Members are;

Mr. Tobias Ochieng Oketch (I/C) - Chairperson

Mrs. Tabitha Kerubo (Laboratory Manager) – Secretary

Mrs. Mercelyne Okidi (Nursing Officer in Charge)

Mrs. Emily Atinda (Pharm in Charge)

Mr. Calvince Ochieng - (Nutritionist)

Mrs. Lynette Ouma (Health Administrative Officer)

iv. Billing and Waiver Committee

The billing and waiver committee is responsible for tracking patient bills to ensure that correct bills are paid and those unable to pay are waived in line with the government policy.

The members are;

- 1 Mrs. Elizabeth Ondere (Medical Social Worker) – Chairperson
2. Mrs Ruth Olango (HRIO) - Secretary
3. Mrs. Lynette Ouma (Health Administrative Officer)-Member

v. Maternal and Perinatal Death and Surveillance Response (MPDSR)

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future. The members are;

Mr. Tobias Ochieng Oketch (I/C) – Chairperson

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

Mrs. Mercelyne Okidi (Nursing Officer In Charge) Secretary.

Mrs. Ruth Olango (HRIO)

Mrs. Tabitha Kerubo (Lab Manager)

Mrs. Liz Obondo (Clinical Officer).

Mrs. Emily Atinda (Pharm in Charge)

vi. Hospital Management Committee

Oversight roles and resource mobilization to the facility

vii. Hospital Management Team

Runs the facility through ensuring that all procedures are adhered to through monthly HMT meetings

viii. Hospital finance Committee

Goes through departmental budget proposals and ensure the allocations are done putting into consideration priorities

(a) Registered Offices

P.O. Box 71-40333 RODI KOPANY

Hospital Contacts

Telephone: +254712125088

Email: marindhospital5@gmail.com

(a) Hospital's Bankers

Co-operative Bank of Kenya Co-operative House

Moi Avenue,

P.O Box 30084-00100

Nairobi, Kenya

(b) Independent Auditors

Auditor General

Office of the Auditor General Anniversary Towers, University Way

P.O. Box 30084 GOP 00100 Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General State Law Office Harambee Avenue

P.O. Box 40112 City Square 00200 Nairobi, Kenya

I. The Board of Management

**Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022**

Ref	Directors	Details
1.	Mr Jerry Mark Onyango	Chairperson
2.	Mr. Tobias Ochieng Oketch	Secretary
3.	Dr. Ben Aggrey Oketch	SCMOH
4.	Mr. Pascal Ogallo	Member
5.	Mrs. Ann Oyugi	Member
6.	Ms. Dawn Ouma	Member
7.	Mr. Cavin Abok	Member
8.	Mr. David Okiki Awino	Member



**Mr Pascal Ogolla
BOM Member**



**Mrs Ann Oyugi
BOM Member**



**Ms Dawn Ouma
BOM Member**



**Mr David Okii
BOM Member**

Management Team



**Mr Cavin Abok
BOM Member**

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

Ref		Details
1.	Tobias Ochieng Oketch	Medical superintendent
2.	Lynette Ouma	Health Administrative Officer
3.	Mrs. Tabitha Kerubo	Laboratory Manager
4.	Nicholas Agallo	Pharmaceutical Technologist in Charge
5.	Mercelyne Okidi	Nursing Officer in Charge
6.	Ruth Olango	HRIO
7.	Mrs Elizabeth Ondere	Social Worker
8.	Calvince Ochieng	Nutritionist In Charge
9.	Mr Liz Obondo	Clinical Officer
10.	Mr. William Ouma	Nurse In Charge CCC

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022



Medical



**Mrs Ruth
Olango**



**Mr. William Ouma
Registered Nurse/CCC**



**Mr. Fredrick Charlie
Accountant i/c**



**Mr. Nicholas Agalo
Pharmacy i/c**



**Mr. Samora Ochieng
CHO**



**Mrs. Immaculate Okatch
Accounts Clerk**



**Mrs. Lynnet Ouma
HAO**



**Mrs. Tabitha Omare
Laboratory Manager**



**Mr. Calvice Ochieng^{XJ}
Nutritionist**



**Mrs. Merciline Okidi
Nursing Officer i/c**

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

I. Chairperson Statement

I am pleased to receive the Marindi Sub County Hospital's Annual Report and Financial Statements for the fiscal year ending June 30, 2022, The Board of Management is proud of the hospital's accomplishments over this time period in "offering high quality and integrated medical care services that are affordable and accessible". Given the scale and complexity of the operational environment in Homa Bay County, I am especially impressed by the staff's "can-do attitude" and commitment to providing the best possible service to patients.

Regulatory Environment

The hospital's management and operations are guided by existing legal, policy, and institutional frameworks that control the health sector, ensuring efficient and effective service delivery. The Kenyan Constitution of 2010 under the Bill of Rights includes the right to the highest attainable quality of health, including reproductive health care and emergency medical treatment.

Furthermore, the Health Act of 2016 establishes a unified health system that coordinates the interrelationship between the national and county governments' health systems, as well as regulation of health care services and providers, health products, and health technologies for related purposes. It also covers health funding, research, e-health, human organ and tissue transplantation, traditional and alternative medicine, mental health, environmental and public health, health standards, reproductive health, and emergency treatment. With this in mind, and the strategic placement of Marindi Sub County Hospital in the health sector, the Board is committed to ensuring ongoing excellent service delivery to citizens.

Sector Alignment

At the National level, universal healthcare (UHC) is one of the big four agenda. The agenda aims to provide affordable healthcare for all households through NHIF scheme. The Kenya Vision 2030 aims at creating a globally competitive and prosperous country by providing a high quality of life for all its citizens. Under the social pillar, the overall goal of the Health Sector is to provide equitable, affordable and quality healthcare to all citizens.

**Homabay County Teaching and Referral Hospital (Homabay County Government)
Annual Report and Financial Statements For the year ended 30th June 2022**

Acknowledgement

On behalf of the Board, I'd like to thank all of our stakeholders, particularly the Homa Bay County Government, the Ministry of Health, the National Hospital Insurance Fund, and our development partners, for their ongoing support of the hospital, without which none of our accomplishments would have been possible. As we start the New Year, I'd want to congratulate Marindi Sub County Hospital's team leaders, specialists, staff, and board for your dedication and everyday demonstration of our hospital's goals and values. Finally, just as in previous years, I am certain that our approach and individuals will continue to drive our development.



Mr Jerry Mark Onyango
Chairperson – Board of Management

Signed: _____

Chairman



I. Report of the Facility In-charge

I am pleased to present the Hospital's annual report and financial statements for the year ended 2021/2022. The report highlights the hospital's operational and financial performance as well as our strategic direction.

Operational Performance

The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists of medical practice who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centered services. In the period under review the hospital attended to 3,012 patients of whom 1,238 were inpatients. This was an increase of 8% outpatients and 11% inpatients attendance in comparison to the previous periods. During the year, the clinical team team successfully demonstrated clinical effectiveness by reduction of mortality rate.

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

Financial Review

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost-sharing revenue. During the period under review, the hospital generated Kshs. 3,898,500 million against a target of Kshs. 4,500,00 Million. This is an increment of 10% above the previous year's internally generated revenue.



Mr. Tobias Ochieng Oketch

Facility In-Charge

Marindi Sub County Hospital

Statement of Performance against Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Key Objectives

The overall objective is improved clinical outcomes, satisfied clients, learning, growth and development. This will be achieved only if the Hospital is able to: -

- 1) Enhance access to quality services commensurate with the level and expectations of the coverage population by; -
 - (a) Improving provision of primary health care
 - (b) Sensitization by utilizing the services of Community health Volunteers
 - (c) Providing essential and emergency medical services, medical laboratory and imaging diagnostic services including specialist pathology services,
 - (d) Expanding and ensuring equitable access by all clients by anticipating and planning for the marginalized ('ignored'), indigent and vulnerable
 - Advocating for registration with the NHIF
 - Providing fee exemptions and improving the waiver system

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

- Providing outreach services
 - Providing cohort friendly service packages e.g. for the Adolescents, Youth, Elderly, Men, Commercial Sex Workers etc.
- 2) Improve human resource capacity (adequacy), effectiveness (knowledge and skills), motivation and satisfaction.
 - a) Human Resource is indispensable in the provision of Healthcare Services
 - b) There's need to investment in identification for recruitment and training to match staff establishment requirements and skills' mix with current and projected coverage population needs
 - 3) Improve financial resources collection, mobilization, risk management and accountability
 - a) The hospital must exploit its full potential with regards to insured clients in the coverage population including but not limited to the NHIF comprehensive Scheme, the NHIF EduAfya, the NHIF Universal Coverage
 - b) The hospital must assess and mitigate the risk of revenue loss through willful negligence, laxity, corrupt practices and theft.
 - c) The Hospital must strengthen existing systems that enhance access without inherent revenue reduction e.g. subsidized services and commodities, waiver system.
 - d) The hospital must make every effort to aggressively market its strengths and exploit its opportunities
 - 4) Improve consumables (pharmaceuticals, non-pharmaceuticals, supplies and other materials) availability and security
 - a) The critical and indispensable role health commodities play in the outcomes of health processes MUST always be recognized and prioritized for investment and resource allocation.
 - b) While it is accurate to consider healthcare a service industry, it is unreasonable to expect any positive results or outcomes without the input of requisite appropriate, affordable and quality health commodities
 - c) It will be necessary to forecast the required quantities of all essential health commodities relevant to the needs of the Hospital's coverage population
 - d) There's need to provide adequate and appropriate space for the storage and security of the commodities
 - e) There's need to supplement the supplies procured by the County Government by establishing own source revenue.
 - f) The authority of hospital managers should be increased and hospital tender committees created and empowered to enable us to purchase goods more efficiently and responsively.
 - g) Spending bands should be widened, and modern systems and managerial skills developed to increase the hospital procurement capacity.
 - h) If the hospital has the capacity and is in a position to comply with the requisite financial regulations we will in time, be able to decide whether to procure on our own, through government and other agencies
 - 5) Improve infrastructural development and equipment and medical devices availability, maintenance and security

Marindi Sub-County Hospital (Homa Bay County Government)

Annual Report And Financial Statements For The Year Ended 30Th June 2022

- a) This relates to the built environment, in-patient beds, furniture, equipment and machines, transport and technology (ICT) required for effective delivery of health services.
 - b) It is a fundamental pillar in the improvement of client experience and outcomes
 - c) Infrastructure must be designed, chosen, placed and maintained to ensure, Client safety, Efficiency and effectiveness, Sustainability and Equity and Accessibility.
 - d) There's need to ensure all critical and capital-intensive equipment are under service contracts and that preventive and / or routine maintenance of the same is the rule and is carried out as indicated in a plan.
 - e) As much as possible, mutually beneficial comprehensive placement agreements will be encouraged to broaden the range of service availability, to reduce client inconvenience and to facilitate better service delivery and outcomes
- 6) Improve on health and financial information systems automation, integration, transparency and application. Improve care through technology.
- a) A health information system (HIS) is a system that integrates data collection, processing, reporting, and use of the information necessary for improving health service effectiveness and efficiency through better management at all levels of health services.
 - b) It is a way of collecting, storing, managing and transmitting (reporting) data including, Clients' electronic medical records (EMR), Hospital's operational (HR< Finance, Procurement) management
 - c) When functioning well, the HIS facilitates planning, monitoring, and the overall quality assurance and improvement
- 7) Foster a visionary governance and competent committed leadership
- a) Good governance and effective leadership are considered core components of a resilient health system
 - b) Good governance ensures evidence-based policy making resulting in Efficient and effective service provision and management systems, Transparency with checks and balances and Accountability
 - c) There's need to promote and lobby for leadership with demonstrable willingness to take ownership and stewardship of the hospital and to continually do what is best for the same.
- 8) Foster and expand partnerships, collaboration and social responsibility, The overriding goal is to achieve better outcomes through either one or a combination of, raising awareness about unmet needs, Provision of resources (Finances, HR, Consumables, Equipment, Plant and Machinery, Provision of joint platforms for coordination, monitoring and evaluation, Tapping into each other's unique but complementary expertise, Research and learning
- 9) Foster learning, change and improvement culture in the Hospital through improved stakeholder participation and feedback management, research and innovation.
- a) Strengthen and expand partnership and collaboration with training institutions including but not limited to the Kenya Medical Training College, Medical training

**Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022**

Marindi Sub County Hospital exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

As a level 4 hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure that success and longevity of the business. We are committed to being transparent, candid, and open about our operations.

At Marindi Sub County Hospital we have a pragmatic approach to sustainability, we focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits to all our stakeholders.

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

ii) Environmental performance

In our offices and clinical areas, we continue encouraging employees to help reduce energy consumption by switching of their computers and lights at the end of the day.

As part of adopting energy efficient technology,

In packaging of medicine, we use environmentally friendly bags. In medical waste we are using bags which are clearly marked for clinical waste, bottles, leftover food, staffs are also provided with personal protective equipment

iii) Employee welfare

Marindi Sub County Hospital staff are employed and remunerated by the Homabay County Government. With a recruitment policy of at least a third is not of more than one gender.

Policy guiding hiring process

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which is forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30Th June 2022

universities and colleges, AMREF International University and the Kenya School of Government.

- b) Strengthen and expand partnership and collaboration with research institutions including the Kenya Medical Research Institute and other institutions of higher learning
- c) Institutionalize and strengthen continuous professional development
- d) Institutionalize and invest in operational research initiatives
- e) Facilitate continuous client feedback management

Two strategic themes were identified each with a strategic result whose successful execution will enable the Hospital achieve its mission and vision. These are:

	Strategic Theme	Strategic Result
1	Effective Management & efficiency in operations	Seamless, effective and timely service delivery and efficient Utilization of resources
2	Proficient in clinical services	Improved quality healthcare services

II. Corporate Governance Statement

Marindi Sub County Hospital Board of Management is responsible for several functions, structures, and ethical conduct. Furthermore, their main priority is to ensure that patients receive excellent medical care.

Appointment and Induction of Board Members

Appointment of Board members is as prescribed under the County Government's finance Bill, 2012.

Role of the Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board. The board through its committees provide strategic direction while the Medical Superintendent assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

III. Management Discussion and Analysis

Under reproductive health a total of 350 Deliveries were conducted during the year under review. This is attributed mainly to increased referrals from sub counties and nearby counties, in need of specialized maternity services and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver without having to personally incur any cost. Marindi sub-County Hospital lauds HE. Excellency the President for the transformation of lives through the success of this noble scheme.

IV. Environmental and Sustainability Reporting

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

Efforts made in improving skills and managing careers

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression.

Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department.

Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement.

Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

Appraisal and reward system

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems is also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans includes the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description.

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022

The appraisals period covers one (1) year starting 1st July to 30th June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

Reward System

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, fire fighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Fire fighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

iv) Market place practices-

Responsible Supply chain and supplier relations

Marindi Sub County hospital has suppliers that supply goods and services. We manage contracts and engage multiple service providers for our operations. Our own reputation as service providers is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practices and adhere to our contract agreement for all services and goods offered.

v) Corporate Social Responsibility Statement

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment, Marindi Sub County Hospital conducts clinical outreaches in the community within its catchment area.

V. Report of the Board of Management

The Board of Management submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Hospital's affairs.

a) Principal activities

The principal activities of the Hospital Board are:

- i. Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the Hospital.
- ii. Support capacity building in the management of the Hospital

Marindi Sub-County Hospital (Homa Bay County Government)
Annual Report And Financial Statements For The Year Ended 30th June 2022

- iii. To give decision making autonomy to the Hospital management committees, to plan and manage the resources within their control
- iv. To improve the quality of health care services in the Hospital

b) Results

The results of the Hospital for the year ended June 30, 2022, are set out on page 1

c) Auditors

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

By Order of the Board




Secretary to the Board

Date 20/6/22

VI. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 19 of the Homabay County Finance Bill 2021 require the Board of Marindi Sub-County Hospital to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital as at 30 June 2022 and the operating results of the Hospital for the year then ended. The Directors are also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The Board are also responsible for safeguarding the assets of the Hospital.

The Board are 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 30 June, 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
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board accept 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 and the Homa bay County Finance Bill, 2012. The Directors 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 30 June, 2022, and of the Hospital's financial position as at that date.

The Board further confirms 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 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 Sub County *Hospital* financial statements were approved by the Board on 30/8/22 and signed on its behalf by:




Chairperson





Accountant



Secretary BOM

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MARINDI SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF HOMA BAY

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 Marindi Sub-County Hospital – County Government of Homa Bay set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

Report of the Auditor-General on Marindi Sub-County Hospital for the year ended 30 June, 2022 - County Government of Homa Bay

performance, statement of changes in net assets, statement of cash flows and the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Marindi Sub-County Hospital – County Government of Homa Bay as at 30 June, 2023 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 Health Act, 2017 and the County Governments Act, 2012.

Basis for Qualified Opinion

Doubtful Ownership and Non-Disclosure of the Non-Current Assets

The statement of financial position did not disclose and value for the Hospital's non-current assets. However, physical visit of the Hospital revealed that the hospital facility has a number of non-current assets comprising of a functional incinerator, refrigerators, furniture & fittings, machines, medical equipment & instruments, computers and its accessories, and photocopiers recorded in the Inventory Book.

Additionally, Management did not maintain a detailed fixed asset register detailing the types and names of the assets, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and net book value of the assets.

Further, the Hospital did not have land ownership documents (title deed) for the land on which the Hospital is built.

In the circumstances, the ownership, accuracy and completeness of the Hospital's Nil balance of non-current assets could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amount on comparable basis of Kshs.8,300,000 and Kshs.6,455,493

respectively, resulting to under-funding of Kshs.1,844,507 or 22% of the budget. Similarly, the Hospital spent Kshs.6,153,033 against the actual receipts of Kshs.6,455,493, resulting to under-utilization of Kshs.302,640 or 5% of the actual receipts.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the local residents.

My opinion is not modified in respect of this matter.

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 matter 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

Deficiencies in Implementation of Universal Health Coverage

Review and physical inspection of the Hospital revealed gaps in terms of staffing requirements, services offered, bed capacity, equipment and machines, policy documents such as risk management policy, assets management and store management. It was noted that the hospital did not meet the minimum requirements of a level 4 hospital as stipulated in the Kenya Gazette Notice No. 786 of 4th February 2020 on categorization of facilities, which gives the categorization(level), facility name and description and services offered in each facility's level.

The details are as analyzed in the tables below:

Staff Deficiencies

Grades	Recommended Number	Available Staff
Medical Officers	16	0
Anesthesiologist	2	0
General Surgeons	2	0
Gynecologists	2	0

Grades	Recommended Number	Available Staff
Pediatrics	2	0
Radiologists	2	0
Kenya Registered Community Health Nurses	75	15
Total	101	15

Equipment Deficiencies

Requirement	Required Number	Available Number
Beds	150	13
Resuscitaire (2 in Labour Ward, 1 in Theatre)	3	1
New Born Unit Cots	5	1
New Bourn Unit Incubators	5	1
Functional ICU Beds	6	0
Functional HDU Beds	6	0
Dialysis Machines	5	0
Operational Theatres; Maternity and General	2	0

In the circumstances, Management was in breach of the law and the facility may not provide adequate medical and health services to the residents.

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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Policy Documents

Management had not established risk management policies, and risk management strategies, which include fraud prevention mechanisms and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the audit could not establish if the policies were based on the needs of the hospital and thus the validity could not be established.

2. Lack of Autonomy in Operations of Hospital

During the year, it was noted that the Hospital's operations in terms of procurement of goods and services was still centralized at the County Headquarters. The Hospital makes requisitions for the supply of goods and provision of services to the County's Department of Health and Medical Services. Once the goods are supplied and services provided, the hospital submits the necessary documents to the County's Department of Health and Medical Services for onward payment.

In the circumstances, the lack of operational autonomy in terms of procurement and payments may lead to delay in provision of services to the residents.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does

not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

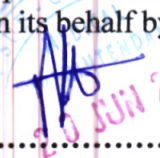
10 July, 2024

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			
In-kind contributions from the County Government	6	3,756,395	-
		3,756,395	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	794,024	-
NHIF Receipts	8	1,905,074	-
Revenue from exchange transactions		2,699,098	-
Total revenue		6,455,493	-
Expenses			
Medical/Clinical costs	9	4,223,573	-
Employee costs	10	330,500	-
Board of Management Expenses	12	90,000	-
Repairs and maintenance	11	462,840	-
General expenses	13	1,046,120	-
Bank Charges	14	-	-
Total expenses		6,153,033	-
Net Surplus for the year		302,460	-

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

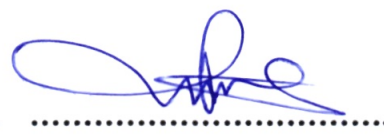
The Hospital's financial statements were approved by the Board on 30/8/22 and signed on its behalf by:


.....

Chairman
Board of Management


.....

Head of Finance
ICPAK No:


.....

Medical Superintendent

Statement of Financial Position as of 30th June 2022

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

Description	Notes	2021/22 Kshs	2020/21 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	302,849	-
Inventories	16	300,611	-
Total Current Assets		603,460	-
Total assets		603,460	-
Liabilities			
Trade and other payables	18	301,000	-
Total Current Liabilities		301,000	-
Accumulated surplus/Deficit		302,460	-
Total Liabilities		603,460	-


The Hospital's financial statements were approved by the Board on 30/8/22 and signed on its behalf by:



Chairperson BOM



Adm/Accountant



Secretary BOM

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

MARINDI SUB-COUNTY HOSPITAL

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

	Accumulated surplus/Deficit	Total
As at July 1, 2021	-	-
Surplus/(deficit) for the year	302,460	302,460
As at June 30, 2022	302,460	302,460
At July 1, 2020	-	-
Revaluation gain	-	-
Surplus/(deficit) for the year	-	-
Capital/Development grants	-	-
At June 30, 2021	-	-

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

Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
In Kind Contributions	6	3,756,395	-
Rendering of services- Medical Service Income	7	794,024	-
NHIF Receipts	8	1,905,074	-
Total Receipts		6,455,493	-
Payments			
Medical/Clinical costs	9	4,223,573	-
Employee costs	10	330,500	-
Board of Management Expenses	12	90,000	-
Repairs and maintenance	11	462,840	-
General expenses	13	1,046,120	-
Bank Charges	14	-	-
Total Payments		6,153,033	-
Net cash flows from operating activities		302,460	-
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		302,460	-
Cash and cash equivalents at 1 July		389	-
Cash and cash equivalents at 30 June 2022		302,849	-

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

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE YEAR ENDED 30 JUNE 2022**

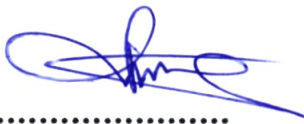
	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	KShs	KShs	
In kind Contributions from the County Government	4,000,000	-	4,000,000	3,756,395	243,605	94%
Rendering of Services	800,000		800,000	794,024	5,976	99%
NHIF Receipt	3,500,000		3,500,000	1,905,074	1,594,926	54%
Total income	8,300,000	-	8,300,000	6,455,493	1,844,507	78%
Expenses						
Medical/Clinical Costs	5,000,000	-	5,000,000	4,223,573	327,015	93%
Employee Costs	800,000		800,000	330,500	75,500	91%
Repairs & Maintenance	100,000		100,000	462,840	5,000	95%
Board of Management Expenses	90,000		90,000	90,000	0	100%
General Expenses	600,000		600,000	1,028,590	29,452	95%
Total expenditure	6,590,000	-	6,590,000	6,153,033	436,967	93%
Surplus for the period				302,460		



Chairperson BOM



Admin/Accountant



Secretary BOM

XVIII. Notes to the Financial Statements

1. General Information

Marindi Sub-C Hospital was established by the Kenya gazette notice No. 786 and derives its authority and accountability from Public Finance Management Act, 2012. The entity is wholly owned by the County Government of Homa bay and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies.

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

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

Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of</p>

Marindi Sub-county Hospital (Homa bay County Government)

Annual Report and Financial Statements For the year ended June 30, 2022

Standard	Effective date and impact:
Resulting from IPSAS 41, Financial Instruments	<p>borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

iii. **Early adoption of standards**

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

4. Summary of Significant Accounting Policies

a) **Revenue recognition**

i) **Revenue from non-exchange transactions**

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

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.

b) **Budget information**

The original budget for FY 2021/2022 was approved by the sub county hospital board. No subsequent revisions or additional appropriations were made to the approved budget.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section v of these financial statements.

c) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 of 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 of cost and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) 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.

e) 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 and senior managers.

f) 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.

g) Comparative figures

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

h) 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, 2021.

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. State all judgements, estimates and assumptions made: e.g.

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

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS
Continued

6. In Kind Contributions from the County Government

Description	2021/22	2020/21
	KShs	KShs
Non Pharmaceuticals (KEMSA)	1,668,068	-
Medical Drugs & Medicine (KEMSA)	2,088,327	-
Total	3,756,395	-

7. Rendering of Services

Description	2021/22	2020/21
	KShs	KShs
FIF Collection		-
Laboratory	365,740	-
Pharmacy	228,134	-
Outpatients	120,050	-
Inpatients	55,520	-
Others	24,580	-
Total	794,024	-

8. NHIF Receipt

Description	2021/22	2020/21
	KShs	KShs
Free Maternity	1,905,074	-
Receivables	-	-
Total	1,905,074	-

8a. Amount as per Statement of Financial performance

Description	2021/22	2020/21
	KShs	KShs
Financial performance	1,905,074	-
Less: Accrued receivables	-	-
Amount as Statement of Cash flow	1,905,074	-

Marindi Sub-county Hospital (Homa bay County Government)

Annual Report and Financial Statements For the year ended June 30, 2022

9. Medical/Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Medical Drugs	1,468,243	-
Lab Items	398,600	-
Food & Ration	668,000	-
Non Pharm	1,451,500	-
Sanitary & Cleaning Materials	82,000	-
Medical Records	155,230	-
Total	4,223,573	-

9a. Amount as per the Statement of Financial Performance

Description	2021/22	2020/21
	KShs	KShs
Statement of Financial performance	2,323,899	-
Less: In Kind Contributions	1,106,525	-
Less: Accrued Expenses	0	-
Total	1,217,374	-

10. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries & Wages Casual Labours	330,500	-
Total	330,500	-

11. Repairs & Maintenance

Description	2021/22	2020/21
	KShs	KShs
Maintenance of Furniture	53,800	-
Maintenance of Building	329,040	-
Computer Accessories	80,000	-
Total	462,840	-

12. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Board Expenses	90,000	-
Total	90,000	-

13. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Contracted guards	320,400	-
Electricity	115,000	-
Telephone	50,000	-
Internet	70,000	-
DSA (Travel & Accommodation)	120,000	
Printing & Publishing	44,690	
Catering Items	40,000	
Office general supplies	216,030	
Fuels (Refined Fuel)	50,000	-
Other fuels (Firewood & Charcoal)	20,000	-
Total	1,046,120	-

13a. Amount as per Statement of Financial Performance

Description	2021/22	2020/21
	KShs	KShs
Statement of Performance	570,548	-
Less: Accrued	0	-
Amount as per Statement of Cashflow	610,500	-

14. Bank Charges

Description	2021/22	2020/21
	KShs	KShs
Bank Charges	-	-
Total	-	-

15. Cash and Cash equivalent

Description	2021/22	2020/21
	KShs	KShs
Cooperative Bank	302,849	-
Cash in Hand	0	-
Total	302,849	-

Marindi Sub-county Hospital (Homa bay County Government)
Annual Report and Financial Statements For the year ended June 30, 2022

16. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals supplies	150,000	-
Food supplies	30,000	-
Lab Reagents	59,611	-
Non-Pharmaceuticals	55,000	-
Cleaning Materials	6,000	-
Total	300,611	-

17. Receivables from Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
NHIF	0	-
Total	0	-

18. Trade Payables

Description	2021/22	2020/21
	KShs	KShs
Elephant Health Care	301,000	-
Total	301,000	-



19. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Hospital include those parties who have 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.

County Government of Homabay

The county Government of Homabay is the principal shareholder of the Hospital, holding 100% of the Hospital's net assets interest.

Other related parties include:

- i) The Parent Ministry Health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of directors

20. Events after the Reporting Period

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

21. Ultimate and Holding Entity

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

22. Currency

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