

REPUBLIC OF KENYA



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REPORT

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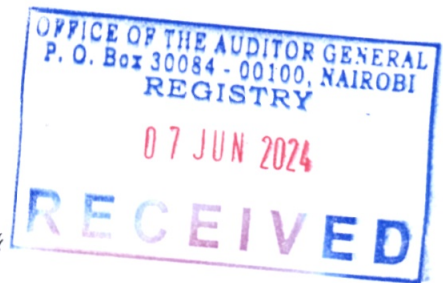
THE AUDITOR-GENERAL

ON

KILIFI COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2022

COUNTY GOVERNMENT OF KILIFI



**KILIFI COUNTY HOSPITAL LEVEL IV
(Kilifi County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Kilifi County Hospital is a level (4) hospital established under gazette notice number XCI-No.427 in January 1984 and is domiciled in Kilifi County under the Health Services Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide curative, preventive, promotive and rehabilitative health services. It offers specialized clinical services in various disciplines.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Eddy Nzomo
2.	Head of finance	Wahida Jamal Athman
3.	Head of supply chain	Sharlet Chimera
4.	Hospital Administrative Officer	Timothy Musau
5.	Hospital Matron	Mildred Chironda

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i The County Assembly

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212of the Constitution of Kenya 2010.

ii The Controller of budget

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

iii County executive committee

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

iv. Internal Auditor Department

The internal Audit Department of the County Government of Kilifi ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee.

- (f) **Entity Headquarters**
P.O. Box 9-80108
Kilifi County Hospital,
Hospital road,
KILIFI, KENYA
- (g) **Entity Contacts**
Telephone: (+041) 7522777
E-mail: kilificountyhospital@kilifi.go.ke
Website: www.go.ke
- (h) **Entity Bankers**



Cooperative bank of Kenya
Kilifi branch
P. O. Box 96-80108
Kilifi, Kenya

National bank
Kilifi branch
P. O. Box 1392-80108
Kilifi, Kenya
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) **County Attorney**
Kilifi Plaza
Hospital road
P.O. Box. 915-80108
Kilifi , Kenya

II. The Board of Management

Ref	Directors	Details
1.	George Kitonga	Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Dr. Eddy Elijah Nzomo	Dr. Eddy Nzomo is the medical superintendent of Kilifi County Hospital. He is a medical officer with specialization in urology. Previously he worked at Malindi sub county hospital.
3.	Patrobas Mangi	Mr Patrobas Mangi is a physiotherapy technician. He previously worked at then Kilifi District Hospital. Currently He operates his private clinic.
4.	Ephie Chari	Madam Ephie Chari is a retired teacher. She also does extensive community service.
5.	Brenda Kalume	
6.	Fedis mumba	Madam Fedis Mumba is a retired nurse. She has immense experience spanning over thirty years in the vocation.

III. Management Team

Ref	Management	Details
1.	 <p>Medical Superintendent Dr. Eddy Elijah Nzomo</p>	<p>Dr. Eddy Nzomo Medical Superintendent Dr. Eddy was appointed Medical Superintendent on 1st September 2018. He is a Medical officer with specialization in urology.</p>
2.	<p>Health Administrative officer Mr. Timothy Musau</p>	<p>Timothy Musau Health Administrative officer Mr. TIMOTHY Musau is an accomplished Health Administrative officer. He is a clinical officer with specialization in orthopaedics.</p>
3.	 <p>Nursing officer in charge Mildred Santa Chironda</p>	<p>Mildred Santa Chironda Date of birth Nursing officer in charge Matron Mildred Santa is an outstanding nursing officer. She is an expert in infection prevention and control.</p>

IV. Chairman's Statement

It is my pleasure to present, on behalf of the board Members, the Kilifi County Hospital financial statements for the year ended 30 June 2022. The financial statements present the financial performance of the Hospital over the past year.

Highlight of Key activities.

The hospital and its stakeholders are increasingly emphasising on the need for continuous improvement on the quality of care for our clients and a safe and conducive environment for members of staff. This year the hospital introduced new services areas in the laboratory. The rehabilitative services were enhanced. The civil servant's clinic was reorganised. These enhancements were done with the view of improving the quality of care. Moreover, the new services have improved revenue collected providing more finances for quality improvement.

Successes

The hospital saw the completion of three infrastructure projects; a new new-born unit, funeral home and Kilifi county Medical complex. The first two are complete and commissioned. Kilifi County residents are enjoying a premium service.

Challenges

Kilifi county hospital is on a vast piece of land that is not allotted. Further the boundary of the institution is not fenced. Service delivery is constrained by an acute staff shortage and dilapidated infrastructure.

Way forward

The board is spearheading survey of the hospital piece of land. Its focus on quality service delivery is unwavering. More services are being introduced in the departments. Engagements have been made with the county government and well-wishers to finance advanced equipment purchase and infrastructure development.

Conclusion

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and fellow board members for their continued support which made us achieve these results.

I look forward to your continued support in the future.

Signed:



George Kitonga

Board Chairman

V. Report of The Medical Superintendent

It is my pleasure to present Kilifi County Hospital financial statements for the year ended 30 June 2022. The financial statements present the financial performance of the Fund for the financial year 2021/2022.

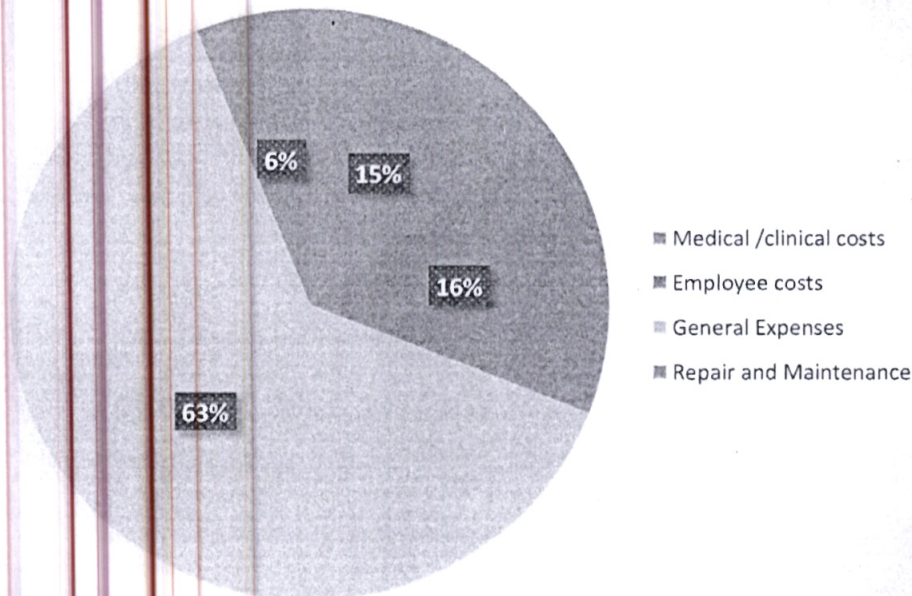
Key performance highlights

The approved budget for the hospital in FY 2021/2022 was Kshs. 169,201,050. During the financial year the hospital received revenue of Kshs 166,510,207 by the end of the financial year June 2022.

Budget utilisation

Hospital expenditure for the period was Kshs. 146,679,673 against a budget of Kshs. 169,201,050 representing absorption of 87%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Expenses						
Medical/ Clinical Costs	20,924,090	21,363,879	42,287,969	22,391,264	19,896,705	53%
Employee costs	20,612,600	2,383,325	22,995,925	23,200,774	(204,849)	101%
Board of Management Expenses		-	-	-	-	
General Expenses	26,351,451	55,424,044	81,775,495	92,086,321	(10,310,826)	113%
Repair and Maintenance	5,085,585	17,056,076	22,141,661	9,001,314	13,140,347	41%
Total expenditure	72,973,726	96,227,324	169,201,050	146,679,673	22,521,377	87%
Surplus for the period	-	-	-	19,830,534	(19,830,534)	

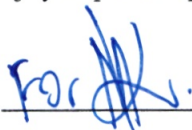


It is necessary to note that 15% of the hospital budget was used on Medical/clinical costs, 16% on Employee costs, 63% on general expenses and 6% on repair and maintenance.

Conclusion

FY 20221/2022 was a good year in general. Momentum for improvement of quality service has been created and the hospital is on a trajectory to prosperity. We are enhancing our capacity of diagnostics by entering into placement contracts to benefit from cutting edge technology. Kilifi county Hospital is leading the way in digitising medical records. These efforts are making service delivery easier for our staff and our clients enjoy superior quality service.

Signed: _____



Dr. Eddy Nzomo

Medical Superintendent

VI. Statement Of Performance Against Predetermined Objectives

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

Kilifi County Hospital has the sole strategic objectives of improving quality of healthcare.

Kilifi County Hospital develops its annual work plans based on improving the quality of healthcare. 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 strategic objective, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Clinical Services Delivery	To Establish and enhance good clinical governance	Improved health care service delivery in hospitals	1. Develop hospital drug formulary. 2. Reduce morbidity and mortality.	1. Hospital Drug formulary in place. 2. %reduction in morbidity and mortality.
	To ensure Quality Diagnostic Services	1. Number of advanced investigations conducted 2. Accreditation of services	1. Introduce new specialized Services 2. Adhere to Quality Standards	1. UECs Culture sensitivity etc done 24 hours 2. EEG, ECG AND ECHO introduced and working 24 hours.

VII. Corporate Governance Statement

The Board

The Kilifi County Hospital board of management is established under section 12 of Kilifi County Health Services Improvement Fund 2016 enacted by County Assembly of Kilifi.

The board has a mandate to mobilize resources for the Hospital, provide guidance to Hospital management and consider and adopt Fund Board reports and policies.

The Board Members

The Act of 2016 provides that the board shall be made up of seven members, including the chairman appointed by the County Executive Member for Health Services. The Medical Superintendent is the secretary of the board. The board is responsible for the long-term strategic direction. The board members' exercises leadership, enterprise, integrity and judgment in directing the Fund.

The board members are provided with full, appropriate and timely information that enable them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day operations of the Hospital is delegated to the Medical Superintendent but the board members are responsible for establishing and maintaining the Hospital's system of internal controls for the realization of its mandate of providing financial support.

Boards Succession Plan

The HSIF Act 2016 under which the Hospital is administered does not capture succession plan and the reason is that as provided in the criteria of selection of the Board members, after the expiry of the mandate of the board members which is 3 years after which a member can be re-appointed for another one maximum term for 3 years. The board membership therefore, is not a permanent job that would warrant a succession plan to be put in place for anticipation and preparation for a member's retirement in order not to create a gap post retirement.

The procedure for board member's selection, appointment and gazettelement is very elaborate after expiry of the mandate and therefore a succession plan is not considered within this act.

Terms of office and termination of membership

The chairperson and members of the Committee appointed shall hold office for a term of three years and shall be eligible for reappointment for one further term.

Corporate governance statement continued

A member shall vacate his/her position as a member of the Management Committee if he/she;

- a) is absent from three (3) consecutive meetings of the committee;
- b) violates Chapter 6 of the Constitution;
- c) ceases to be a resident of Kilifi County or Sub-County or work in the area of Hospital Jurisdiction;
- d) voluntarily resigns from committee; and
- e) Dies
- f) is so incapacitated by prolonged physical or mental illness as to be unable to attend and discharge his/her duties

Board meetings

The board members meet quarterly or as required in order to monitor the implementation of the Fund's strategic plan and achievement of the targets in the performance contract. The board members also play an oversight role over all other financial and operational issues. The board held Three (3) full board during the FY 2021/2023 with all members participating. The board terms had expired during this financial thus only two meetings were held while awaiting appointments and gazettelement of the boards.

Corporate Governance Statement continued

Functions of the hospital board

The hospital Board shall: -

- a.) Mobilize resources for the Fund.
- b.) Provide guidance to the management Fund Board on: -
 - i. Proposals on user fees where the management Fund Board seeks to propose new user fees or changes to the old fees structure.
 - ii. Disciplinary matters including but not limited to theft of funds, spending of revenue at source, spending without proper authorization, fraud, abuse of powers of exemptions and waivers.
 - iii. Monitor the performance of the hospital management Fund Boards.
 - iv. Receive reports from the management Fund Boards for its consideration and adoption.
 - v. Develop criteria for the granting of waivers and exemptions.

Induction and training

HSIF Conducted induction and training of the board members who were appointed this financial year. The purpose of the training was to enable participants to gain better understanding of the background of health services and the laws, rules and regulations that guide these services towards improved access, accountability and effective utilization of resources.

The training enabled participants to gain knowledge and skills on their leadership, management and governance roles and responsibilities in order to effectively support the management of health facility resources.

Participants also acquire knowledge and skills on basic requirements of planning, including the planning cycle in a health facility and oversee the management of financial resources for the health facility in a way that would ensure adequate internal controls and financial risk management.

Corporate Governance Statement continued

The board members gained knowledge and skills on supporting health facility workers for delivery of quality health services for better health outcomes within the community and strategies for mobilization resources and management for effective service delivery at your health facility.

Internal control and risk management

Internal Control

The board members are responsible for reviewing the effectiveness of the Fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to

achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities.

Internal Control Framework

The Hospital continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis.

Management Team

The management team headed by the Medical Superintendent implements the board decisions through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The Fund is audited by the Auditor-General.

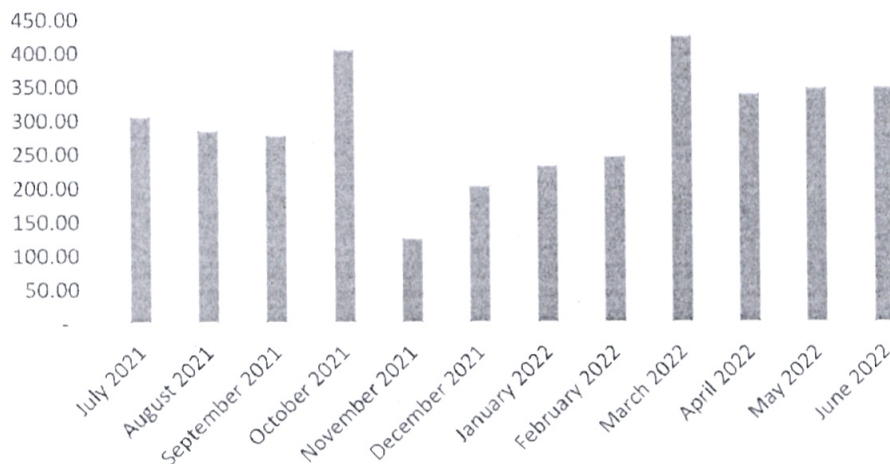
I. Management Discussion and Analysis

The overall leadership and governance of Kilifi County Hospital is vested in the Hospital Management Board. The Board members are appointed in accordance with Kilifi County Health Services Improvement Fund Act 2016. The day-to-day management of the hospital is vested on the Medical Superintendent.

The Medical Superintendent is assisted in performing the functions of his or her position by the Executive Expenditure Committee (EEC), which consists of the Medical Superintendent, Nursing officer in charge and Health Administrative Officer, and the Hospital Management Team (HMT). The HMT is made up of heads of departments.

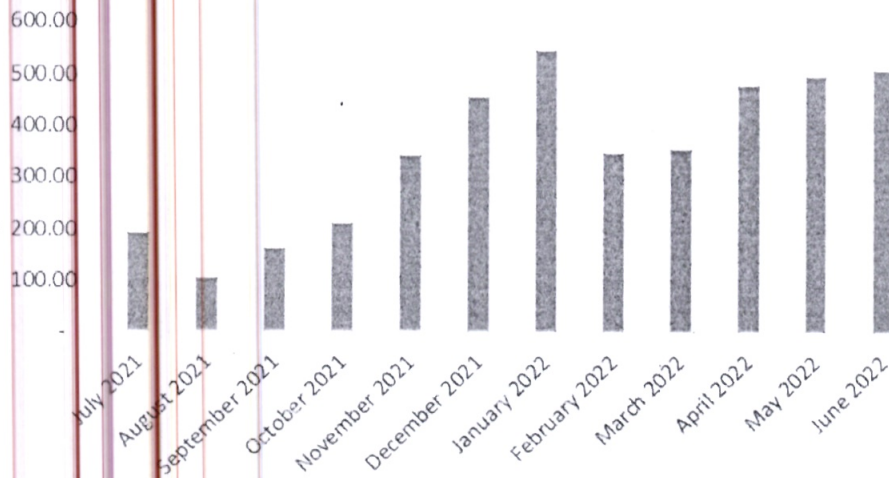
Clinical/operational performance

Outpatient attendance



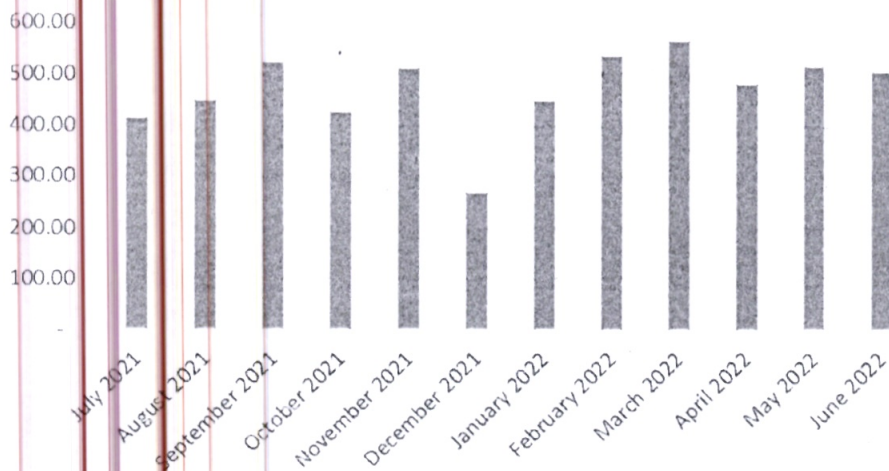
MONTH	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
No.	5,254.00	5,407.00	5,417.00	6,225.00	6,804.00	5,718.00	6,016.00	4,824.00	5,048.00	3,579.00	4,962.00	5,642.00

Accident and Emergency attendance



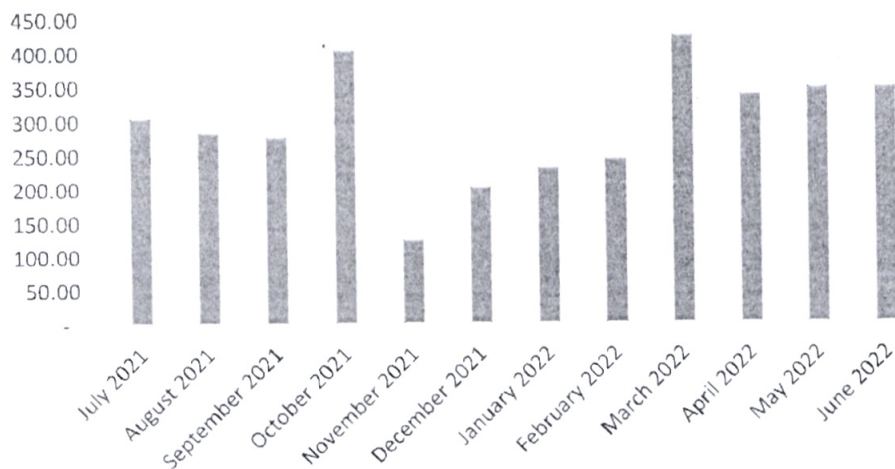
MONTH	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	TOTAL
No.	194.00	105.00	164.00	213.00	345.00	459.00	547.00	348.00	356.00	484.00	500.00	514.00	4,229.00

Special clinic attendance



MONTH	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	TOTAL
No.	413.00	449.00	523.00	426.00	510.00	268.00	448.00	536.00	564.00	481.00	515.00	506.00	5,639.00

Theatre utilization



MONTH	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
No.	306.00	285.00	278.00	405.00	126.00	203.00	232.00	245.00	424.00	338.00	347.00	348.00

Parameter	Performance
Bed capacity of the hospital	268
Patient attendance	Out patient visits 70439
	Inpatient visits 6041
Accident and Emergency attendance	4229
Specialised clinic attendance	110031
Average length of stay for in patient	4
Bed occupancy rate	29%
Mortality rate	16%
Surgical theatre utilisation (number of operations over a period of time)	2190
	cases per day 6

Financial performance

Kilifi County Hospital raises its revenues from user fees. These are received through bank collecting agents and mobile money and through insurance reimbursements. In a bid to ensure access to health services for all, Kilifi County Hospital has a waiver system in line with the health Services Improvement Fund Act 2016.

II. Environmental and Sustainability Reporting

Kilifi County Hospital exists to transform lives as it plays a key role in achieving universal health coverage. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the citizen first, delivering quality healthcare services, and improving operational excellence. Below are the hospital's highlights.

i) Sustainability strategy and profile

The hospital is keen on achieving universal healthcare for the population of Kilifi County. In the period under review the hospital improved financial management and fiscal transparency of hospital staff in budgeting, resource tracking and budget advocacy. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability.

ii) Environmental performance

Kilifi County Hospital applies the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization.

Successes

We are having colour-coded waste receptacles for segregation at all generation points in the departments. Kilifi County Hospital has invested in shredding, disinfection and incineration that helps us treat our waste and we only dispose of non-contaminated waste to the dumping site.

Challenges

- Frequent breakdown of the equipment and the cost of repair.
- High cost electricity bill.

Efforts to Reduce Environmental Impact of Waste Products

The waste shredder installed at Kilifi County Hospital disinfects waste Ash from the incinerator is harmful, hence all waste is rendered harmless before being discharged to dumpsites.

Environmental And Sustainability Reporting Continued

iii) Employee welfare

Staff are engaged by the Kilifi County Public Service Board which applies all due ethical and regulatory policies for hiring. The hospital engages in Continuous Medical Education (CME) for its staff. The hospital further sponsors staff to conferences and workshops organised by professional institutions and associations. The hospital complies with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

a) Responsible competition practice.

Kilifi County Referral Hospital is a corruption free zone. The Hospital is in the service of healthcare to all people and does not take any political bias. The hospital appreciates healthcare as an essential social service and conducts its activities in collaboration, fairness and mutual respect for other health facilities.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

Kilifi County Referral Hospital applies the Public procurement and disposal act guidelines for supply chain and supplier relations.

c) Responsible marketing and advertisement

Kilifi County Referral Hospital is a public provider of essential services and does not engage in marketing and advertising of its services. However, in executing her mandate of health promotion, the Hospital uses print, audio and visual media to pass health information to the public.

d) Product stewardship

Kilifi County Referral Hospital subjects' services and charges to public participation to ensure consumer rights and interests are considered.

v) Corporate Social Responsibility / Community Engagements

The hospital engages with the community through medical outreaches to promote health education. In the period under review, the hospital conducted surgical camps where members of the public benefited from free surgical procedures.

III. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services.

Results

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

Board Of Management


The members of the Board who served during the year are shown on page viii.

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

Signed:



George Kitonga

Board chairman.

Date:

IV. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that 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 ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the 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.

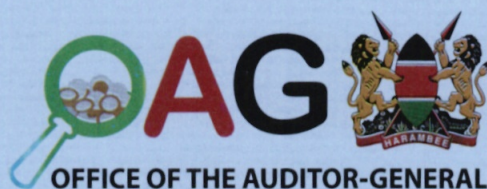
Approval of the financial statements

The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Name: George Kitonga
Chairperson
Board of Management

.....
Name: Dr. Eddy Nzomo
Accounting Officer

REPUBLIC OF KENYA



Enhancing Accountability

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KILIFI

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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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.

Qualified Opinion

I have audited the accompanying financial statements of Kilifi County Referral Hospital – County Government of Kilifi set out on pages 1 to 28, 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.

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

Basis for Qualified Opinion

1. Non-Disclosure of Inventories and Assets in the Financial Statements

The Hospital held inventories relating to pharmaceutical and non-pharmaceuticals of undetermined values which were not disclosed in the financial statements. Further, the Hospital did not disclose nor report on an undetermined value of assets including land, buildings, motor vehicles and various other specialised equipment.

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

2. Unsupported Expenditure

The statement of financial performance reflects total expenses of Kshs.147,943,899. However, payment vouchers and documents in support of the expenditure were not provided for audit.

In the circumstances, the accuracy and occurrence of the expenditure of Kshs.147,943,899 could not be confirmed.

3. Irregular and Unsupported Imprests

The statement of financial performance reflects total expenditure amount of Kshs.147,943,899. Review on management of imprest revealed that, Management issued imprests amounting to Kshs.11,325,560 during the period under review to an employee whose engagement is on casual terms. However, surrender vouchers in support of the expenditure were not provided for audit to confirm whether there was conformity to Regulations 93 (2) – (17) on imprest management. Further, Management did not provide any reasons on entrusting a casual employee to management of imprest.

In the circumstances, the completeness and occurrence of the expenditure from imprests amount of Kshs.11,325,560 could not be confirmed.

4. Variances in Revenue from Rendering Services

The statement of financial performance reflects Kshs.166,621,262 as transfers from Health Services Improvement Fund. (HSIF). Included in the amount is the National Health Insurance Fund reimbursement of Kshs.30,975,986. However, the National Health Insurance Fund records revealed an amount of Kshs.33,402,983 paid to the Hospital resulting to an unexplained variance of Kshs.2,426,997.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.166,621,262 could not be confirmed.

5. Variances in Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.18,837,723 as disclosed in Note 14 to the financial statements. The amount includes dues from the National Health Insurance Fund (NHIF) of Kshs.120,712 as disclosed in Note 14(a). Further, the amount has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within 30 days of submission.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance from non-exchange transactions of Kshs.18,837,723 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of services offered, equipment used and number of members of staff at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as analyzed in the table below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance
Medical officers	16	20	
Anesthesiologists	2	0	2
General surgeons	2	4	
Gynecologists	2	5	
Pediatrics	2	3	
Radiologists	2	3	
Kenya Registered Community Health Nurses	7 5	85	
Total	101	120	

Further, the Hospital had deficits in services and equipment as indicated in the table below:

Service	Level 4 Hospital Standard	Actuals In the Hospital	Variance
Beds	150	327	
Resuscitaire (2 In Labor & 1 In Theatre)	2	1	1
New Born Unit Incubators	5	7	
New Born Unit Cots	5	20	
Functional ICU Beds	6	5	1
High Dependency Unit (HDU) Beds	6	6	
Renal Unit with at least 5 Dialysis Machines	5	2	3
Two Functional Operational Theatres- Maternity & General	2	4	

In addition, the radiology and renal services were not being offered in the Hospital as required for a level 4 hospital.

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 classification of the Hospital as a level 4 hospital may be irregular and Universal Health Care may not be effectively delivered at the Hospital.

2. Irregular Management of National Hospital Insurance Fund (NHIF)

Audit review of Kilifi County Referral Hospital NHIF reimbursements, capitation, Linda Mama reimbursements and Universal Health Coverage revealed that, the monies are received in Kilifi County Hospital at a commercial bank from where they are transferred to the Health Services Improvement Fund (HSIF) account. The Fund then apportions 3% to the Fund Management; 5% to the County Hospital Management Team; and 20% to the Subcounty Medical Officer of Health (MoH). The remaining 72% is then transferred to Kilifi County Referral Hospital account hence the facility does not get full benefit of the total money received from NHIF contrary to the provisions of Section 22(1) of the National Health Insurance Fund Act, 2022, which requires that the Board shall pay from the Fund, benefits to declared hospitals for expenses incurred at those hospitals by any contributor, his named spouse, child or other named dependent.

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

The audit was conducted in accordance with the 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 THE 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. Inadequate Pharmaceutical Stock Management

Review of management of pharmaceutical supplies revealed the Hospital received medical drugs from the County Government. However, the Hospital has no stock management system to control the stock of medicines and therefore not possible to confirm that drugs issued from the store were dispensed to specific patients based on doctor's prescription. Management was therefore unable to trace the supplies that relate to the final users from time to time. Further, although a list of expired drugs for the period under review was provided, it is not possible to determine the value attached to these stock items in contravention of Guidelines 1.2 (4) on pharmaceutical waste.

In the circumstances, tracking and comprehensive management and control of pharmaceuticals could not be confirmed.

2. Failure to Have a Risk Management Policy

Review of Kilifi County Referral Hospital internal controls revealed that the Hospital does not have a risk management policy in place contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015.

In the circumstances, Management may not be able to identify risks to the organization, prioritize risks in terms of magnitude and immediacy and design measures to avoid or minimize them.

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 Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease its operations.

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

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

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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

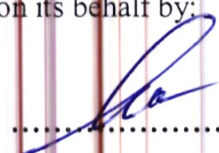
18 June, 2024

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

	Note	FY2021/2022 KShs	FY2020/2021 KShs
Revenue from non-exchange transactions			
Transfers from HSIF Fund	6	166,621,262	-
Total revenue		166,621,262	-
Expenses			
Medical/ Clinical Costs	8	22,391,264	
Employee costs	9	22,856,674	-
Board of Management Expenses	10	580,000	
Depreciation and amortization expense	16	430,016	
General Expenses	12	94,327,219	-
Repair and Maintenance	11	7,358,726	-
Total expenses		147,943,899	-
Surplus/(deficit) for the period		18,677,363	-

(The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



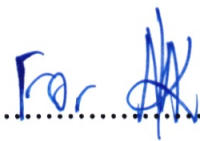
Chairman

Board of Management



Head of Finance

ICPAK No:



Medical Superintendent

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

	Note	FY2021/2022 KShs	FY2020/2021 KShs
Assets			
Current assets			
Cash and cash equivalents	13	8,113,189	-
Receivables from Non exchange transactions	14	18,837,723	-
Inventories	15	-	-
Total assets		26,950,912	-
Non-current assets			
Property, plant, and equipment	16	6,235,874	-
Total Non-current Assets			
Total assets		33,186,786	
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	14,509,423	-
Total liabilities		14,509,423	-
Net assets			
Accumulated surplus		18,677,363	-
Total net assets and liabilities		33,186,786	-

(The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



.....
Medical Superintendent

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

	Accumulated surplus	Total
	KShs	KShs
Balance as at 1 July 2020		-
Surplus/(deficit) for the period	-	-
Balance as at 30 June 2021	-	-
Balance as at 1 July 2021	-	-
Surplus/(deficit) for the period	18,677,363	-
Balance as at 30 June 2022	18,677,363	-

(The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:




.....
Medical Superintendent


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

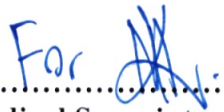
	Note	FY2021/2022 KShs	FY2020/2021 KShs
Cash flows from operating activities			
Receipts			
Transfers from HSIF Fund	6	147,783,539	-
Total Receipts		147,783,539	-
Payments			
Medical/ Clinical Costs	8	22,391,264	
Employee costs	9	22,856,674	
Board of Management Expenses	10	580,000	
General Expenses	12	94,327,219	
Repair and Maintenance	11	7,358,726	
Total Payments		147,513,883	-
Net cash flows from operating activities		269,656	-
Net increase/(decrease) in cash and cash equivalents		269,656	-
Cash and cash equivalents at 1 JULY 2020		-	-
Cash and cash equivalents at 30 JUNE 2021	13	8,113,189	- 1

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

The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent


X. 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
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt & FIF Revenue	72,973,726	96,227,324	169,201,050	166,510,207	2,690,843	98%
Total income	72,973,726	96,227,324	169,201,050	166,510,207	2,690,843	98%
Expenses						
Medical/ Clinical Costs	20,924,090	21,363,879	42,287,969	22,391,264	19,896,705	53%
Employee costs	20,612,600	2,383,325	22,995,925	23,200,774	(204,849)	101%
Board of Management Expenses		-	-	-	-	
General Expenses	26,351,451	55,424,044	81,775,495	92,086,321	(10,310,826)	113%
Repair and Maintenance	5,085,585	17,056,076	22,141,661	9,001,314	13,140,347	41%
Total expenditure	72,973,726	96,227,324	169,201,050	146,679,673	22,521,377	87%
Surplus for the period	-	-	-	19,830,534	(19,830,534)	

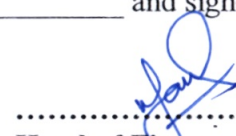
(Budget notes

1. In accordance with IPSAS 24.29, the changes in the budget amounting to Ksh. 96,227,324 was attributed to reallocations and the addition of revenues from hospital collection.

The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

XI. Notes To the Financial Statements

1. General Information

Kilifi County Hospital is established by and derives its authority and accountability from Kilifi County Health Services Improvement Fund Act 2016. The entity is wholly owned by Kilifi County Government and is domiciled in Kilifi Kenya. The entity's principal activity is to provide curative, preventive, promotive and rehabilitative health services.

2. Statement Of Compliance And Basis Of Preparation

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

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:	
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. 	<p>There was no impact of the amendment to IPSAS 41 with respect to the current financial report.</p>
<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</p>	<p>There was no impact of the amendment to IPSAS 42 with</p>

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

	<p>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> <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>respect to the current financial report</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>There was no impact of the amendment other improvement to IPSAS with respect to the current financial report</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>There was no impact of the amendment other improvement to IPSAS with respect to the current financial report</p>

	<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><i>Applicable 1st January 2025</i></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>	There was no impact of the amendment other improvement to IPSAS 43 with respect to the current financial report
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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 od 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>	There was no impact of the amendment other improvement to IPSAS 44 with respect to the current financial report

ii. **Early adoption of standards**

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

4. Summary Of Significant Accounting Policies

a) **Revenue recognition**

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

Transfers from other Government entities

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

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.

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 15 June 2022. 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 96,227,324 on the 18 November 2022 FY 2021/2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) 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.

The hospital did not disclose an undetermined value of assets including Land, Buildings, motor vehicles and various other specialised equipment since the hospital adopted accrual basis in the year under IPSAS 33 and took advantage of the three-year relief period.

e) 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.

f) 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

g) 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.

Notes to the Financial Statements (Continued)

h) 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:

Notes to the Financial Statements (Continued)

- 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.

Notes to the Financial Statements (Continued)

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. The hospital did not disclose an undetermined value of inventory as IPSAS 33 agrees that where a first time adopter takes advantage of the exemption that provides a three-year transitional relief period to not recognize and/ or measure certain assets:

- a. For inventory, current replacement costs; and
- b. For investment property of a specialized nature, depreciated replacement costs.

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

Notes to the Financial Statements (Continued)

value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. **(Changes in accounting policies and estimates**

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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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)

Useful lives and residual values

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

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

Provisions

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

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

Kilifi County Hospital (Kilifi County Government)
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Notes to the Financial Statements (Continued)

6. Transfers From The County Government

Description	FY2021/2022 KShs	
Current Receivables		
Transfers from HSIF	18,726,668	
NHIF unpaid claims	111,055	
Prepayments	-	
Total Current receivables	18,837,723	
Total receivables from exchange transactions	18,837,723	

7. Medical/ Clinical Costs

Description	FY2021/2022 KShs	
Sanitary and cleansing Materials	1,592,420	
Dressings and Other Non-Pharmaceutical Medical Items	6,926,533	
Purchase of Medical Gases	542,160	
Laboratory chemicals and reagents	4,741,633	
Medical Drugs	8,190,843	
Uniform, clothing, and linen	397,675	
Total	22,391,264	

8. Employee Costs

Description	FY2021/2022 KShs	
Basic Wages - Temporary Employees	22,406,754	
Employer Contributions to Compulsory National Social Security Schemes	449,920	
Total	22,856,674	

9. Board of Management Expenses

Description	FY2021/2022 KShs	
Sitting allowance	580,000	
Total cash and cash equivalents	580,000	

10. Repairs And Maintenance

Description	FY2021/2022 KShs	
Motor vehicle expenses	2,791,348	
Computers and Accessories	152,379	
Property- Buildings	4,414,999	
Total cash and cash equivalents	7,358,726	

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

Notes to the Financial Statements (Continued)

11. General Expenses

Description	FY2021/2022 KShs	
Telephone and Mobile Phone Services	2,110,465	
Travel and accommodation allowance	35,387,799	
Internet connections	290,500	
courier and postal services	40,000	
Rent Expenses	25,000	
Printing, advertising and information supplies & services	10,571,215	
Catering Expenses	13,797,982	
Conferences and delegations	8,295,650	
Printing and stationery	8,621,640	
Fuel Expense	5,292,352	
Bank Charges	7,342	
Office and general supplies and services	5,231,194	
Water and Sewerage Costs	86,020	
Purchase of Household Furniture and Institutional Equipment	561,137	
Purchase of Therapy Appliances	4,008,923	
Total	94,327,219	

12. Cash And Cash Equivalents

Description	FY2021/2022 KShs	
Current account	8,113,189	
Total cash and cash equivalents	8,113,189	

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

Description	Account number	FY2021/2022 KShs
Current account		
Co-Operative Bank		
KCG KILIFI COUNTY HOSPITAL HSIF ACCOUNT	1141779148100	2,800,229
Sub- total		2,800,229
National Bank		
KCG KILIFI COUNTY HOSPITAL PBF	010010682434	5,312,960
Sub- total		5,312,960
Central Bank of Kenya		
Kilifi County Health Services Improvement Fund	1000394897	-
		8,113,189
Sub- total		
Grand total		8,113,189

Notes to the Financial Statements (Continued)

13. Receivables From Non-Exchange Transactions

Description	FY2021/2022 KShs	
Current Receivables		
Transfers from HSIF	18,726,668	
NHIF unpaid claims	111,055	
Prepayments	-	
Total Current receivables	18,837,723	
Total receivables from exchange transactions	18,837,723	

14 a.

Description	FY2021/2022 KShs	
Total claims for the year	31,096,698.00	
Reimbursements for the year	30,975,986.00	
Unpaid claims	120,712.00	
Unpaid claims due to the hospital(92%)	111,055.04	

14. Inventories

The inventories held in store as at 30th June consisted of all items bought by the hospital and county government and it was not possible to distinguish the stocks bought by the hospital.

The IPSAS 33 agreed that where a first time adopter takes advantage of the exemption that provides a three-year transitional relief period to not recognize and/ or measure certain assets:

- a. For inventory, current replacement costs; and
- b. For investment property of a specialized nature, depreciated replacement costs.

Kilifi County Hospital (Kilifi County Government)
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Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

Description	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
Cost	Shs	Shs	Shs	Shs
Depreciation Rate	12.50%	30%		
At 1 July 2020	-	-	-	-
Additions	-	-	-	-
At 30 th June 2021	-	-	-	-
At 1 st July 2021	-	-	-	-
Additions	2,497,430	1,658,781.00	2,509,679.00	6,665,890
At 30 th June 2022	2,497,430	1,658,781.00	2,509,679.00	6,665,890
Depreciation and impairment				
At 1 July 2020	-	-	-	-
Depreciation for the year	-	-	-	-
At 30 June 2021	-	-	-	-
At July 2021	-	-	-	-
Depreciation	93,927	210,525	125,565	430,016
At 30 th June 2022	93,927	210,525	125,565	430,016
Net book values				
At 30 th June 2021	-	-	-	-
At 30 th June 2022	2,403,503	1,448,256	2,384,114	6,235,874

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

Notes to the Financial Statements (Continued)

16. Trade And Other Payables

Description	FY2021/2022 KShs	
Trade payables	1,555,900	
Refundable deposits	-	
Accrued expenses	-	
Other payables	12953523	
Total trade and other payables	14,509,423	

17. Cash Generated from Operations

	FY2021/2022 KShs	
Surplus for the year before tax	18,677,363	
Adjusted for:		
Depreciation	430,016	
Gains/ losses on disposal of assets	-	
Interest income	-	
Finance cost	-	
Working Capital adjustments		
Increase in inventory	-	
Increase in receivables	(18,837,723)	
Increase in payables	-	
Net cash flow from operating activities	269,656	

Notes to the Financial Statements (Continued)

18. Financial Risk Management

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

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

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Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Receivables from –non-exchange transactions	18,837,723	0	0	0
Bank balances	8,113,189	0	0	0
Total	26,950,912	0	0	0

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 entity has significant concentration of credit risk on amounts due from 30th June 2022.

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

(ii) Liquidity risk management

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

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

Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade payables	14,509,423	0	0	0
Total	14,509,423	0	0	0

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

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

22. Currency

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

XII. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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

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Accounting Officer

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

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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

APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

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

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

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

Head of Accountants department of beneficiary entity:

Name Sign Date

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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

APPENDIX VI Disaster Expenditure Reporting Template

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