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REPORT

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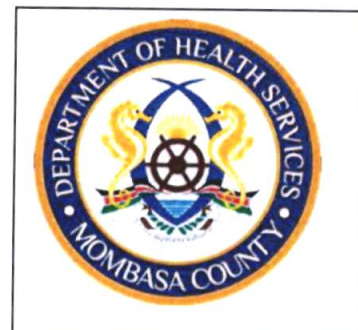
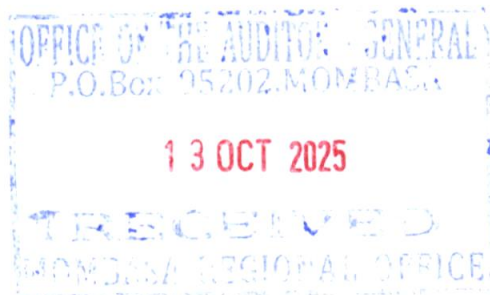
LIKONI SUB - COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2023

PAPERS LAID	
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MOMBASA COUNTY GOVERNMENT

22



**LIKONI SUBCOUNTY HOSPITAL
LEVEL IV
(Mombasa County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

Likoni Subcounty Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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1. Acronyms & Glossary of Terms

ANC	Antenatal Care
ARV	Anteretroviral Therapy
CCC	Comprehensive care Clinic
CSR	Corporate Social Responsibility
EEC	Executive Expenditure Committee
GBV	Gender based Violence
GOPC	Gynaecology Outpatient Clinic
HIV	Human Immunodeficiency Virus
HMT	Hospital Management Team
HRMAC	Human Resource Advisory Committee
IPC	Infection Prevention and Control
IPSAS	International Public Sector Accounting Standards
KEPH	Kenya Essential Package for Health
LLITN	Long lasting insecticide treated net.
MSF	Medecins Sans Frontier
MED SUP	Medical Superintendent
MOPC	Medical Outpatient Clinic
NCD	Non-communicable disease
OPD	Out Patient Department
OSHA	Occupational Health & Safety Act
PPE	Personal Protective Equipment
PFMA	Public Financial Management Act
POPC	Paediatric Out-Patient Clinic
PMTCT	Prevention Mother to child transmission
Fiduciary Management entity	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

Likoni Sub-County Hospital is a KEPH level 4 hospital under Kenya Gazette Notice 786. It is situated in Timbwani ward in Likoni Subcounty in Mombasa. It has a bed capacity of 25. It started as a health centre and was upgraded to a level 4 hospital post devolution.

The facility has a catchment population of 100,000. The hospital offers 24-hour outpatient and inpatient services and has a theater that serves both maternity and general surgery. It serves as a referral institution for the lower-level facilities and private facilities nearby and also serves patients from nearby Kwale County.

The hospital offers various inpatient and outpatient services with the main focus being Outpatient department and maternity services. The services offered include:

Services Offered:

- Casualty
- OPD
- Antenatal services
- Child welfare clinic
- Postnatal clinics
- immunization services
- CCC (HIV diagnosis and Treatment)
- TB Clinic
- 24-hour lab
- 24-hour pharmacy
- Youth Friendly Services
- Physiotherapy
- Occupational therapy
- Orthopedic technology
- Nutrition clinic
- Special clinics (Pediatrics, Obstetrics and Gynecological, Physician, General Surgery, Dermatology)
- Gender Based Violence Services - Free
- Dental Services
- Radiology (X-Ray and Ultrasound)
- Inpatient Maternity and gynecological
- Theater Services (General and Obgyn)
- Post Abortal Care

(b) Principal Activities

Mission

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

Vision

A leading hospital with healthy and productive community.

Core Values.

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

To achieve the mission the hospital has the below key strategic goals:

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

(c) Key Management

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

- County department of health
- County Department of Finance
- Accounting Officer / Medical Superintendent
- Health Management Team

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Ahmed Karama
2.	Head of finance	Mr. Emmanuel Kombe
3.	Head of supply chain	Mr. Hassan Kitsao
4.	Hospital Administrative Officer	Mrs. Rahma Ali
5.	Human Resource Officer	Mr. Ifdhel Badi
6.	Head Health Records & Information	Mrs. Dinah Arenda
7.	Head of Pharmacy	Dr. Nevyl Jimmy
8.	Head of Clinical Officers	Mrs. Margret Maiyo
9.	Head of Dental Department	Dr. Shaheed Malik
10.	Head of Medical Officers	Dr. Khadija Awadh
11.	Lab Manager	Mr. Joseph Ngigi
12.	Procurement Officer	Mr. Faiz Shallo
13.	Physiotherapist In charge	Mrs. Hyline Memba
14.	Nurse Manager	Matron Asma Balagha
15.	Radiographer In charge	Mrs. Joy Sophia
16.	Biomedical Officer In charge	Mr. Mohammed Nassor
17.	Orthopaedic Technician In charge	Mr. Kelvin Wandira
18.	Occupational Therapist In charge	Mrs. Mediatix Rubia
19.	Public Health Officer In-Charge	Mrs. Saumu Ibrahim
20.	Theatre In-Charge	Mr. Richard Mwinyi
21.	Nutritionist In charge	Mrs. Rehama Bakari
22.	CCC In Charge	Mr Mohamed Matsudzo
23.	Community Health Officer	Binti Vuganga Yusuf

(e) Fiduciary Oversight Arrangements

County Health Management Team

Mombasa County.

Subcounty Medical Officer of Health

Likoni Subcounty Hospital.

(f) Likoni Subcounty Hospital

P.O. Box 96239 - 80100

Likoni-Ukunda Road

Mombasa, Kenya.

(g) Likoni Subcounty Hospital

Telephone: (+254) 797 963 578

E-mail : likonihealthcentre@yahoo.com

(h) Likoni Subcounty Hospital Bankers

National Bank Kenya

Nkurumah Branch

Telephone: 0703088900

callcenter@nationalbank.co.ke

KCB Bank Kenya Limited

Kilindini Branch

P.O. Box 90300-80100, MOMBASA

Telephone: +254 0412224457/ 2223677/2319419/2319420

Fax : +254 041 2222395

Email : kilindini2@kcb.co.ke

Website: <http://www.kcbbankgroup>.

(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

Likoni Subcounty Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

(k) County Attorney

P.O. Box. 81599-80100

Bima Towers, 6TH Floor

Digo Road

Mombasa, Kenya

3. The Board of Management

The Hospital has no board in place currently; a proposed list has been sent awaiting approval

The Hospital Management Board shall be responsible for –

- (a) providing oversight to the hospital management team to improve the health status of the community;
- (b) providing necessary checks and balances for the use of all resources available to the hospital;
- (c) making decisions that will improve the hospital, ensure continuity while keeping in line with county government policies;
- (d) projecting the expected annual user fees income, and any other expected income;
- (e) overseeing the prudent utilization and reporting of all resources under their responsibility;
- (f) preparing work plans and budgets

4. Key Management Team

Ref	Management	Details
1.	 Dr Ahmed Karama Medical Superintendent Bachelors of Pharmacy	Key Responsibilities 1. Budgeting and Financial planning 2. Cost control and revenue management 3. Financial Reporting 4. Human resource and payroll oversight 5. Procurement and resource allocation Financial growth and partnerships
2.	 Matron Asma Balagha Nursing Officer Kenya Registered Community Health Nurse (diploma)	Key Responsibilities 1. Ensure proper documentation of service for accurate patient billing (NHIF, Cash and waivers) 2. Patient education on available financial options eg NHIF, Linda Mama, Cash 3. Prepare financial reports related to nursing budgets and resource utilization
3.		Responsibilities 1. Ensuring preparation of monthly collection reports, 2. Monitoring performance against targets for each department 3. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoiced.

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	Mrs. Rahma Ali Health Administrative Officer (HAO) Bachelor of Business Management (Finance) CPA	4. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoices/claims submitted as per terms and conditions of each scheme,
4.	 Ifdhel Badi Human Resource Officer	Key Responsibilities 1) Collaborating with finance department to plan staff related costs 2) Implement HR policies that balance cost saving with employee satisfaction 3) Ensure compliance with labour laws, tax regulations and financial policies

5. Chairman's Statement

The facility has no Board in place.

.....
Name 
Chairman to the Board



6. Report of The Medical Superintendent

This report provides an overview of the work burden and the financial status at Likoni Hospital for the financial year 2022-2023, based on data from the Kenya Health Information System (KHIS). It highlights key service delivery, providing insight into the hospital's operational capacity and challenges.

In this financial year there was an increase in the revenue collected compared to the previous financial year 2021/2022. This increase can be attributed increase in health seeking behaviour and community-based health talks linking the department of public health and clinical services. Operating against expenditure compared below. Key revenue contributions included pharmacy, laboratory and radiology.

	2021-2022	2022-2023
Revenue	152,777,422	163,105,780
Expenditures	158,753,713	165,811,877

There was a steady increase in workload at the outpatient department. communicable diseases such as diarrhoea and respiratory infections remained a significant concern, while non-communicable diseases like hypertension and diabetes also contributing to the workload highlighting the physician gap and need to explore this to improve service delivery. The hospital attended to a substantial number of emergency cases, with accident and trauma cases being predominant. There was also a surge in Gender Based Violence (GBV) related cases in the Likoni subcounty, these services are offered for free at the facility. Specialist services such as Pharmacy, radiology, laboratory tests and special clinics were in high demand, requiring increased resource allocation.

The inpatient admissions also showed a steady trend with the maternity unit handling a high number of deliveries, and caesarean sections contributing to significant percentage of the total births, this could be attributed to high number of referrals from lower-level facilities and the small private hospitals nearby.

The financial year 2022-2023 presented significant for Likoni Hospital, with a rising patient load and constrained resources. Strategic interventions, including increased staffing, improved

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infrastructure, and better resource management, were noted to be essential to ensure effective healthcare service delivery.

The hospital faced challenges in staffing levels, which affected service delivery efficiency. There was an increased demand for more medical personnel and support staff to manage the workload. High number of referral due to infrastructural challenges and resource limitation.

The challenges experienced during the reporting period included:

1. Lack of proper infrastructure to meet the growing range of services offered
2. Outdated/breakdown of equipment with high cost of maintenance
3. Erratic consumption of stocks can cause stock outs or expiry
4. Inadequate human resource with a high attrition rate without replacement forcing hospital to engage staff with its own budget
5. Delayed re-imbursement Linda mama and NHIF submitted claims.
6. Industrial action by the health care workers affecting revenue collection
7. Political involvement
8. Need for other specialized services like physician, pediatrician, dermatologist and ENT.


.....
Name 
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Likoni Sub-county Hospital has 6 strategic pillars and objectives within the current Annual Work Plan for the FY 2022-23. These strategic pillars/ themes/ issues are as follows:

- i. Eliminate communicable conditions
- ii. Halt, and reverse the rising burden of non- communicable conditions
- iii. Reduce the burden of violence and injuries
- iv. Provide essential health care
- v. Minimize exposure to health risk factors
- vi. Strengthen collaboration with health-related sectors

Likoni Subcounty Hospital has demonstrated strong progress in meeting its Annual Work Plan objectives, despite resource limitations. Continuous improvement in funding, infrastructure, and staff capacity will further enhance service delivery and patient care outcomes. Assessment of the hospital's performance against its annual work plan is done on a quarterly basis. The *hospital* managed to achieved part of its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate Communicable conditions	To reduce communicable diseases	1.HIV+ pregnant mothers receiving preventive ARV's to reduce risk of mother to child transmission (PMTCT) 2. Number of children under the age of five treated for diarrhoea 3.Children under one year of age fully immunized Children under 1 year received LLITNs	ANC screening & treatment of HIV positive Defaulter tracing	95 pregnant mothers initiated on ARV 1589 children successfully managed for diarrhoea 1508 Children under one year of age fully immunized 1392

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Halt and reverse the burden of non-communicable conditions	To reduce the incidence of Non-communicable diseases	1.Number of adult OPD clients with BMI of more than 25 2.Number of women of reproductive age (WRA) screened for cervical cancer	Screening for NCDs Early detection and treatment of NCDs	5419 clients have BMI of more than 25 1236
Reduce the burden of violence and injuries		Number of new outpatient cases attributed to road traffic accidents		182
Provide essential health care		1.No. of pregnant women attending at least four ANC visits 2.Number of WRA receiving family planning commodity 3. Number of clients tested for HIV 4. Number of deliveries conducted by skilled attendants in health facilities		1262 8137 1448 2541
Minimize exposure to health risk factors	To strengthen health promotion interventions and facilitate the use of services that lead to healthy lifestyles	The facility does daily health talks at all service delivery points		everyday
Strengthen collaboration with health-related sectors	To build & strengthen partnerships with the public and private sectors to address	Number of children under five years of age attending child welfare clinics who are under weight		2282

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	priority health system needs	Number of children under five years of age attending child welfare clinics who are stunted		231
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To effectively tie the Annual Work Plan (AWP) achievements to the Performance Contracts (PCs) of staff the hospital-wide objectives are aligned with individual and departmental performance targets.

Each hospital staff member's Performance Contract (PC) is linked to the overall Annual Work Plan (AWP) to ensure that individual efforts contribute to institutional goals. This is done by:

Breaking Down AWP Goals → Translate hospital-wide objectives into department-level and individual staff targets.

Assigning Measurable Key Performance Indicators (KPIs) → Every staff contract has a clear, measurable targets tied to the AWP, which is set with the inclusion of the staff and the head of department.

Monitoring and Evaluating Progress → staff appraisals are assessed monthly by immediate heads of department to ensure these targets are achieved and to make any relevant changes as deemed necessary at the time

By directly linking Annual Work Plan (AWP) achievements to staff Performance Contracts (PCs), Likoni Subcounty Hospital has improved accountability, enhanced service delivery, and achieved institutional goals efficiently. Performance evaluation should be structured, data-driven, and aligned with national healthcare priorities to ensure sustainable improvements in staff output and patient care.

8. Corporate Governance Statement

The hospital has no board.

9. Management Discussion and Analysis

In this financial year there was an improvement in the revenue collected compared to the previous financial year 2021/2022. This can be attributed to an increase in the patients served at the facility related to improved health seeking behaviour of the community served since the introduction of health talks at community level. The increase is also attributed to improvement in range of services offered in the facility including: Operating revenue was **Ksh. 163,105,780** and the total expenditure amounted to **Ksh 165,811,877** Key revenue contributions included pharmacy, laboratory and radiology. This figure includes the staff employed by the county posted to the facility.

The facility has plans to expand its accident and emergency unit which currently is a small room with 3 bed capacity to a fully-fledged emergency unit. The facility also sees the need to develop wards for general, surgical and paediatric in-patient services. The facility has identified the need for specialist especially in areas of physician to see the diabetics and hypertensive growing burden. There is also need of a paediatrician, delivery being the key services the babies need to be reviewed by a specialist and this will also address the outpatient specialist gap. In line with the introduction of these specialist service there will be need for infrastructural change to offer these services. The security in the facility is wanting and there is urgent need of perimeter wall. The roof is leaking/made of asbestos and needs an overhaul.

The planning and budgeting at the facility is a function of the Hospital Management Team. Once facility collection is reviewed and budget is done it is forwarded to the Chief officer Clinical services for approval before implementation. The management of the hospital is divided into 7 major building blocks:

1. Leadership and Governance

The hospitals activities are managed through a Hospital Management Team comprising of administrators and heads of departments, a team of 23 members. The team is responsible for policy implementation,

strategic planning and decision making, resource management, accountability and transparency and stakeholder engagement.

2. Service Delivery

The services are broadly divided into: Preventive, Curative, Rehabilitative and special Programs. The Hospital runs 24/7 providing these essential services. However, infrastructure remains a challenge and results in services not consistently available and also sharing of space to provide these services, this also contributes to loss of revenue.

3. Health Workforce

The hospital workforce is made up of staff employed by the county and those employed by the facility to cover critical gaps ensuring a well-rounded workforce to meet patient needs. The facility strives to provide a healthy work environment and update staff on current practices through regular CMEs planned at facility level, supported by department or partners. An increase in workload translates to increase in staffing needs however the gaps are usually not immediately filled leading to interruption in service delivery and compromise revenue collected.

4. Revenue

Likoni Subcounty Hospital generates revenue through the following means:

Government Funding: Allocations from the national and county governments for operational and development costs, this usually comes in form of salaries for County employed staff, paid bills, under 5 reimbursements (this is a program unique to Mombasa County where the facility provides free under 5 services and the money is reimbursed by the County Government)

User Fees & Service Charges: Payments from patients for outpatient consultations, laboratory tests, imaging services, and specialized treatments. The facility charges as based on the Finance Bill. The payments are made through the hospital paybill number directly linked to the hospital account.

National Health Insurance Fund (NHIF) Reimbursements: Funds received from NHIF for insured patients under the Universal Health Coverage (UHC) program. These payments are usually not consistent and require a lot of follow up. A large sum is owed to NHIF which if reimbursed will enable cover great stride to develop the facility

Donor & Development Partner Support: Grants and funding from international organizations, NGOs, and private sector partnerships. The facility did not receive any major grant this financial year

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Public-Private Partnerships (PPPs): Collaborations with private entities to enhance healthcare service delivery and infrastructure.

For example, the Incinerator that was brought in by MSF

5. Health Information System

All the facility data is recorded in the registers and summary tools are uploaded into the KHIS every month. The the Kenya Electronic Medical Records (EMR) system is currently being used only in CCC. The facility also uses a system called Duomed to handle billing and receipting.

A well-functioning Health Information System (HIS) is essential for efficient healthcare delivery in public hospitals. It facilitates accurate data collection, storage, analysis, and reporting, which supports decision-making, resource allocation, and overall hospital management. This statement highlights the importance, challenges, and recommendations for strengthening HIS in public hospitals.

6. Health Products and Technology (HPT)

The hospital strives to maintain a consistent supply of essential medicines, diagnostic kits, vaccines, and medical consumables. Despite these efforts, occasional stock-outs occur due to erratic consumption, supply chain challenges and budget constraints.

The hospital is equipped with basic diagnostic and treatment technologies, including: Radiology Services, Laboratory Services, Theatre Equipment, Emergency Equipment

Health products and technology are critical to the effective functioning of Likoni Sub-County Hospital. While the facility continues to provide essential healthcare services, challenges in supply chain management, equipment maintenance, and technological advancements need to be addressed. Strengthening these areas will enhance service delivery and improve patient outcomes.

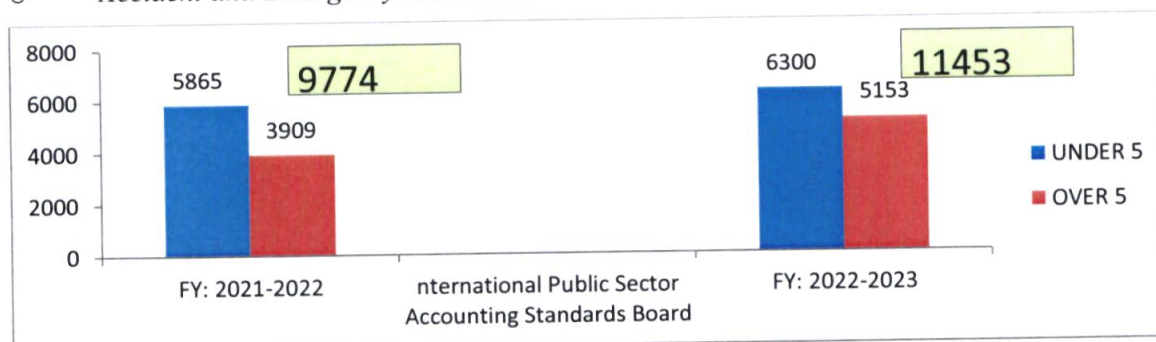
7. Infrastructure: the infrastructure is key for service delivery; the facility was upgraded from a health centre to a level 4 with minimal infrastructural changes. There is need for rooms to offer the increasing range of services. This inconsistency can result in long booking wait times and loss of patients to follow up resulting in loss of revenue.

The facility also lacks wards, therefore is not able to offer inpatient services and is forced to refer all medical emergencies and surgical male patients leading to loss of revenue.

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Clinical/operational performance

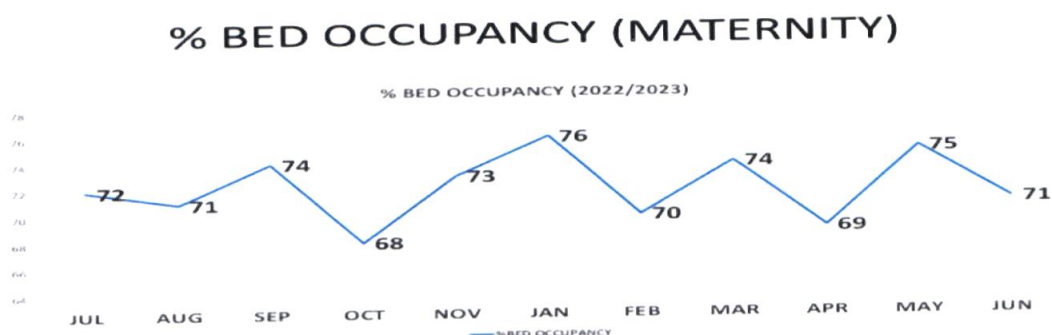
- *Bed capacity of the hospital: 25*
- *Overall patient attendance during the year for both inpatient and outpatient.*
- *Accident and Emergency attendance*



- *Specialised clinic attendance*

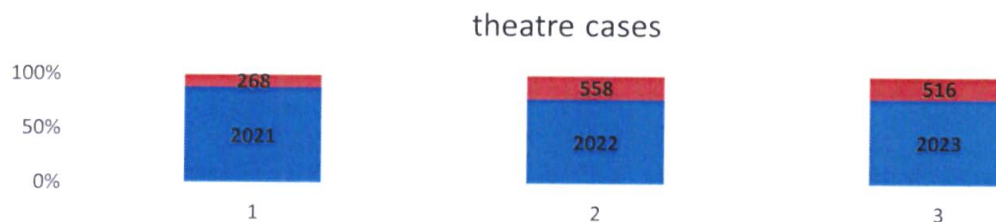


- *Average length of stay for in patient, bed occupancy rate and Mortality rate*



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- Surgical theatre utilisation (number of operations over a period of time)



- *Sponsorships and partnerships*

The facility received an incinerator from MSF, who regularly come and assess it and repair as needed and train staff or provide any updates on training.

Financial performance that includes: -

- *Revenue sources,*

Likoni Subcounty Hospital generates revenue through the following means:

1. Government Funding: Allocations from the national and county governments for operational and development costs.
2. User Fees & Service Charges: Payments from patients for outpatient consultations, laboratory tests, imaging services, and specialized treatments.
3. National Health Insurance Fund (NHIF) Reimbursements: Funds received from NHIF for insured patients under the Universal Health Coverage (UHC) program.
4. Donor & Development Partner Support: Grants and funding from international organizations, NGOs, and private sector partnerships.
5. Public-Private Partnerships (PPPs): Collaborations with private entities to enhance healthcare service delivery and infrastructure.

- *Utilisation of funds:*

Every quarter, the members of the facility HMT (heads of departments) submit a list of their requirements. A breakdown of the facility's collection against the previous quarter's utilisation is shared at the HMT; this is discussed against their set departmental targets. These requests are then prioritised and escalated to the EEC who plan and budget accordingly. This is then forwarded through the director of Clinical Services to the Chief Officer of Clinical Services for approval, who then gives the Authority to Incur Expenditure. This is then forwarded back to the facility for implementation.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Likoni Sub-county Hospital is committed to environmental sustainability and responsible resource management. The facility makes efforts to minimize our ecological footprint, manage medical waste effectively, and contribute to a healthier environment for our community.

ii) Environmental performance

a) Proper waste management, our key initiatives include:

Medical Waste Segregation: Use of color-coded bins to separate infectious, non-infectious, pharmaceutical, and hazardous waste. Sharp boxes for sharps. The staff are regularly assessed and trained on the waste management protocols

Safe Disposal: the facility has an incinerator and has staff well and regularly trained on operating the incinerator

b) Water and Energy Conservation

To reduce resource consumption, we have implemented:

Water Conservation Measures: Regular maintenance of pipes to prevent leaks, installation of low-flow taps, and rainwater harvesting where feasible. The hospital also has a borehole to supplement the controlled fresh water supply to the facility, restricting fresh water use to key areas like kitchen and theatre.

Energy Efficiency Strategies: Adoption of solar power for lighting, use of LED bulbs, and sensitization programs for staff to reduce energy wastage.

c) Green Initiatives and Biodiversity Conservation

Hospital Gardens: Development of green spaces to improve air quality and provide a healing environment

iii) Employee welfare

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

least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Performance appraisal is based upon the principal of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, recruitment, placement, incentives and sanctions. Targets are set at the beginning of the year in consultation with the facility targets and the departmental heads, these are reviewed every quarter by the heads of department and biannually by the HR/Medical Superintendent. This is then forwarded to the Department HR for review and forwarding to County Public service board.

The facility is compliance with Occupational Safety and Health Act of 2007, (OSHA.)

The facility has an IPC committee that develops and enforces safety protocol for infection prevention and regularly do trainings for staff. The facility has a Public health Officers who regularly trains and shares recommendations on PPEs

Fire safety and Emergency preparedness: The facility has fire assembly point and fire extinguishers strategically placed at key service delivery points.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The facility prioritizes patient centered care offering high quality, accessible and affordable services, not based on competitive pressure

The facility avoids false claim advertisement, and all such content are reviewed by department communication team before sharing.

The facility partners with other health service provider nearby in various ways, this can be in form of borrowing urgent commodities, supporting theatre services during power outages like the sterilization of theatre equipment, supported CMEs

b) Responsible Supply chain and supplier relations

The organisation pays its supplier every 3 months after approval of budget, the challenge remains in form of old debts that may compromise the services. The facility has however verified these debts and is dedicated to clear them.

c) Responsible marketing and advertisement

The facility advertises its services through the department's communication team who advise the facility on how to go about. All advertisement is done through the departmental page.

d) Product stewardship

The facility has installed complaints box at various points in the hospital and the administration team always welcome clients with grievances / compliments to the office.

There is a Grievance Review Committee that sits every month to review any issues raised

v) Corporate Social Responsibility / Community Engagements

The facility does medical camps and in reaches to offer free services to the community. The members of the HMT also actively take part in Community Based health talks.

11. Report of The Board of Management

The facility has no board.

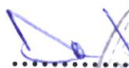
Board of Management

The hospital did not have a board of management during the year under review

Auditors

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

By Order of the Board


.....


Name
Secretary to the Board

12. Statement of Board of Management's Responsibilities

The facility has no board.

.....
Name:

Chairperson

Board of Management


.....
Name:

Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LIKONI SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – MOMBASA COUNTY GOVERNMENT

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Likoni Sub - County Level 4 Hospital - Mombasa County Government set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Likoni Sub - County Hospital - Mombasa County Government as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Mombasa County Health Services Act, 2018 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflects net assets balance of Kshs.84,765,897 which includes accumulated deficit of Kshs.2,706,097 and capital fund of Kshs.87,471,994. However, the balance differs with recalculated amounts of Kshs.8,682,388 and Kshs.177,819,126 resulting to unexplained variances of Kshs.5,976,291 and Kshs.90,347,132 respectively.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.84,765,897 could not be confirmed.

2. Inaccurate Statement of Cash Flows

The statement of cash flows and as disclosed in Note 15 to the financial statements reflects cash and cash equivalents balance of Kshs.6,130,784 which differs with the recomputed balance of Kshs.8,171,438 resulting to an unexplained variance of Kshs.2,040,654.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.6,130,784 could not be confirmed.

3. Unsupported Revenues from Non-exchange Transactions

The statement of financial performance reflects revenue from non-exchange transactions of Kshs.138,171,291 which includes in-kind contributions from the County Government and transfers from other government entities of Kshs.125,845,479 and Kshs.12,325,812 respectively. However, the amounts were not supported by detailed schedules.

In the circumstances, the accuracy and completeness of the revenues from non-exchange transactions of Kshs.138,171,291 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions Balance

The statement of financial position and Note 16 to the financial statements reflects receivables from exchange transactions of Kshs.4,537,430 which was not supported by a ledger or claims register.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.4,537,430 could not be confirmed.

5. Variances in Trade and Other Payables

The statement of financial position and Note 19 to the financial statements reflects trade and other payables balance of Kshs.8,752,138. The balance includes Kshs.4,209,958 owed to Kenya Medical Supplies Authority (KEMSA) while KEMSA records reflects Kshs.4,619,639 resulting to an unexplained variance of Kshs.77,459.

In the circumstances, the accuracy and completeness of the of the payables balance of Kshs.8,342,457 could not be confirmed.

6. Failure to Prepare Trial Balance

Management did not prepare a trial balance which forms the basis for preparation of the financial statements. The trial balance is a report that lists the balances of all general ledger accounts of an entity at a certain point in time. The basis for preparation of the financial statements for the year was not explained and it could not be determined that Management ensured that the Hospital kept financial and accounting records that comply with the Public Finance Management Act, 2012.

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

7. Unsupported Employee Costs

The statement of financial performance and Note 10 the financial statements reflects employee costs of Kshs.134,984,654. Available unsupported information indicates the amount comprises of employee expenses paid by the Hospital to both casual workers and by the County Government to the staff engaged by the Mombasa County Public Service Board. However, Management did not provide detailed schedules, payrolls or ledgers to support the reported amount.

In the circumstances, the accuracy and completeness of the employee costs of Kshs.134,984,654 could not be confirmed.

8. Unsupported Inventory Balance

The statement of financial position and Note 17 to the financial statements reflects inventories balance of Kshs.2,245,134 which was not supported by annual stock take report for confirmation of quantities, value, and status of closing inventory balances.

In the circumstances, the valuation and completeness of the inventories balance of Kshs.2,245,134 could not be confirmed.

9. Unconfirmed Ownership and Valuation of Land

The statement of financial position and Note 18 to the financial statements reflects Property, Plant and Equipment balance of Kshs.80,029,581. Included in the balance

is land valued at Kshs.51,000,000 which was not supported by land ownership documents including the land title deed or lease agreement.

In the circumstances, the accuracy, valuation and ownership of the land balance of Kshs.51,000,000 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

In connection with my audit on the Likoni Subcounty Level 4 Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for

Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Procurement Plan

The statement of financial performance reflects total revenues and expenses of Kshs.163,163,780 and Kshs.166,219,888 respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

In the circumstances, Management was in breach of law.

2. Late Submission of Financial Statements for Audit

The Hospital Management submitted the financial statements to the Auditor-General on 21 March, 2024, which was after the statutory date of 30 September, 2023 by which the report and financial statements for the year ended 30 June, 2023 should have been submitted for audit. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. These financial statements have been audited as a result of a proactive initiative by the Auditor-General.

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

3. Presentation of the Financial Statements

The financial statements presented for audit reflect anomalies in presentation and disclosure, contrary to the requirements of the template prescribed by the Public Sector Accounting Standards Board as detailed below.

- (i) The statement of comparison of budget and actual amounts did not indicate the total expenses amount under actuals column.
- (ii) Note 18 to the financial statement on Property, Plant and Equipment (PPE) does not presented cost, depreciation and Net Book Values in accordance with the PSASB prescribed template.
- (iii) Note 20 to the financial statements on reconciliation of cash generated from operations was not completed for working capital adjustments as prescribed by the Public Sector Accounting Standards Board (PSASB).
- (iv) Fiduciary Oversight Arrangements at page v of the annual report and financial statements lists Likoni Subcounty Hospital as including entities which provide fiduciary oversight arrangements over the Hospital. However, the nature of fiduciary oversight provided by the Hospital was not explained during the audit.

In the circumstances, Management was therefore in breach of the PSASB reporting template

4. Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.24,934,489 in relation to the rendering of services -medical services income as disclosed in Note 8 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted to the County treasury with a copy to the Auditor General as per the requirements of Regulations 64. (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of each quarter.

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

5. Failure to Transfer Revenue to the County Revenue Fund

The statement of financial performance reflects Kshs.24,934,489 in relation to the rendering of services -medical services income as disclosed in Note 8 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of the Public Finance Management (County Government) Regulations of 2015 which states that a receiver of revenue to promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

6. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs amounting to Kshs.134,984,654 as disclosed in Note 10 to the financial statements. The audit of the master payrolls revealed that the Hospital Management Team engaged an average of 30 casual workers per month in the nursing, pharmacy and administration departments and paid Kshs.8,940,154 as casual wages during the period under review. However, no evidence was provided to confirm that the Mombasa County Public Service Board had authorized the medical facility to engage the casuals. Further, evidence of how the casual employees were hired, their job descriptions, remuneration policy and recruitment plans were not provided for audit verification. This is contrary to Section 74 of the County Governments Act, 2012 which states that the County Public Service Board shall regulate the engagement of persons on contract, volunteer and casual workers, staff of joint ventures, and attachment of interns in its public bodies and offices.

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

7. Unsupported Procurement of Contracted Services

The statement of financial performance and Note 14 to the financial statements reflects general expenses amounting to Kshs.11,342,127 which includes Kshs.2,860,800 on contracted services made to two local service providers. However, the procurement records including need assessment, approved requisition, invitation to tenders, bids received, tender opening minutes, tender evaluation report,

professional opinion, notification of award and signed contracts were not provided for audit verification. Further, Management did not withhold Value Added Tax (VAT) on the payments made to the service providers.

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

8. Lack of Approved Budget

Review of the financial management processes, established that the hospital had no comprehensive annual budget for the financial year under review. The Public Finance Management (County Governments) Regulations, 2015 specifies budget estimates, shall take into account expenditure priorities, which contributes to the realization of the required output and desired policy outcome. Therefore, lack of an annual budget undermined effective planning, prioritization, and allocation of resources. Management availed for audit minutes of the Executive Expenditure Committee (EEC) meetings that discussed quarterly budgets. However, there was no evidence of a formally approved annual budget guiding the hospital's financial operations throughout the year.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit in July, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by sixty-three staff requirements or 63% of the authorized establishment.

Staffing Requirement	Level 4 Hospital Standard	Actuals In the Hospital	Variance	Percentage %
Medical Officers	16	5	(11)	69%
Anesthesiologists	2	0	(2)	100%
General Surgeons	2	2	0	0 %
Gynecologists	2	2	0	0 %
Pediatricians	2	0	(2)	100%
Radiologists	2	0	(2)	100%
Registered Community Health Nurses	75	28	(47)	63%
Total	101	37	(64)	63%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	24	(126)	84%
Resuscitative (2 in labor & 1 in theatre)	3	1	(2)	67
New born unit incubators	5	0	(5)	100%
New born unit cots	5	0	(5)	100%
Functional ICU beds	6	0	(6)	100%
High Dependency Unit (HDU) Beds	6	0	(6)	100%
Renal Unit with at least 5 dialysis machines	5	0	(5)	100%
Two functional operational theatres-Maternity & General	2	1	(1)	50
Total	182	26	(156)	86%

These deficiencies are not in compliance with the First Schedule of Health Act, 2017 and imply that the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. In the circumstances, the Hospital may not be able to deliver on its mandate.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Hospital Management Board

The Hospital did not have Board of Management in place during financial year under review, contrary to Section 13 (2) of the Mombasa County Health Act, 2018 which

provides for establishment and composition of a Hospital Management Board that comprises of a Chairperson appointed by the Governor on the recommendation of the County Executive Member responsible for Health, the accounting officer responsible for matters relating to health and three other persons appointed by the governor who must be residents of the area of jurisdiction and within the specified categories.

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

2. Inventory Management – Expired Medical Supplies

The statement of financial position reflects an inventory balance of Kshs.2,245,134 as disclosed in Note 17 to the financial statements. Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that 17,314 units of various drugs of undetermined value had expired as at 30 June, 2023.

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

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

Responsibilities of Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

14. Statement of Financial Performance for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government	6	125,845,479	122,264,820
Transfers from other Government entities	7	12,325,812	9,336,420
		138,171,291	131,601,240
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	24,934,489	21,176,182
Revenue from exchange transactions		24,934,489	21,176,182
Total revenue		163,105,780	152,777,422
Expenses			
Medical / Clinical costs	9	13,788,277	12,923,359
Employee costs	10	134,984,654	128,446,688
Board of Management Expenses	11	-	20,000
Depreciation and amortization expense	12	4,746,751	5,908,311
Repairs and maintenance	13	950,068	1,825,100
General expenses	14	11,342,127	9,630,255
Total expenses		165,811,877	158,753,713
Net Surplus / (Deficit) for the year		(2,706,097)	(5,976,291)

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

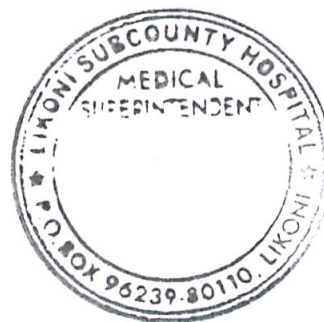
.....
Chairman

.....
Head of Finance

.....
Medical Superintendent

Board of Management

ICPAK No:



Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

15. Statement of Financial Position As At 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	6,705,890	6,130,784
Receivables from exchange transactions	16	4,537,430	1,733,980
Inventories	17	2,245,134	1,532,077
Total Current Assets		13,488,454	9,396,841
Non-current assets			
Property, plant, and equipment	18	80,029,581	84,776,333
Total Non-current Assets		80,029,581	84,776,333
Total assets		93,518,035	94,173,174
Liabilities			
Current liabilities			
Trade and other payables	19	8,752,138	9,802,333
Total Current Liabilities		8,752,138	9,802,333
Total Non-current liabilities			
Total Liabilities		8,752,138	9,802,333
Net assets		84,765,897	84,370,841
Accumulated surplus/Deficit		-2,706,097	-5,976,291
Capital Fund		87,471,994	90,347,132
Total Net Assets and Liabilities		84,765,897	84,370,841

Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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



Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

16. Statement of Changes in Net Asset for The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021				-
Revaluation gain				
Surplus/(deficit) for the year		-5,976,291		-5,976,291
Capital/Development grants			90,47,132	90,347,132
As at June 30, 2022		-5,976,291	90,347,132	84,370,841
At July 1, 2022				
Revaluation gain				
Surplus/(deficit) for the year		-2,706,097		-2,706,097
Capital/Development grants			87,471,994	87,471,994
At June 30, 2023		-2,706,097	87,471,994	84,765,897

Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
In- kind contributions from the County Government	6		
Transfers from other Government entities	7	12,325,812	9,336,420
Rendering of services- Medical Service Income	8	24,934,489	21,176,182
Total Receipts		37,260,301	30,512,602
Payments			
Medical/Clinical costs	9	13,788,277	12,923,359
Employee costs	10	9,139,175	6,181,868
Repairs and maintenance	13	950,068	1,825,100
Board of Management Expenses	17		20,000
General expenses	14	11,342,127	9,630,255
Total Payments		35,219,647	30,560,582
Net cash flows from operating activities	20	2,040,654	-47,980
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		2,040,654	-47,980
Cash and cash equivalents as at 1 July	15	6,130,784	5,428,028
Cash and cash equivalents as at 30 June		6,130,784	5,428,028

Likoni sub county Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	125,845,479	0	125,845,479	125,845,479	0	100%
Transfers from other Government entities	12,325,812	0	12,325,812	12,325,812	0	100%
Rendering of services- Medical Service Income	24,934,489	0	24,934,489	24,934,489	0	100%
Total income	163,233,990	0	163,233,990	163,233,990	0	100%
Expenses						
Medical/Clinical costs	13,746,126	0	13,746,126	13,746,126	0	100%
Employee costs	134,984,654	0	134,984,654	134,984,654	0	100%
Repairs and maintenance	1,400,230	0	1,400,230	1,400,230	0	100%
General expenses	11,342,127	0	11,342,127	11,342,127	0	100%
Surplus for the period	(3,114,108)	0	(3,114,108)	(3,114,108)	0	100%
Capital expenditure	0		0	0	0	%

19. Notes to the Financial Statements

1. General Information

Likoni sub county hospital is established by and derives its authority and accountability from Mombasa County. The entity is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. The entity's principal activity is provision of health care.

2. Statement of Compliance and Basis of Preparation

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 20

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact
	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.
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires:- Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

The hospital did not early – adopt any new or amended standards in the financial year

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) 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.

b. Budget information

The original budget for FY 2022-2023 was submitted every quarter, the members of the facility HMT (heads of departments) submits a list of their requirement A breakdown of facility's collection against the previous quarter utilisation is shared at the HMT, this is discussed against their set departmental targets. These requests are then prioritised and escalated to the EEC who have the role to plan and budget accordingly. This is then forwarded through the director Clinical Services to the Chief Officer Clinical Services for approval, who then gives the Authority to Incur Expenditure. This is then forwarded back to the facility for implementation. 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 facility upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of 0 on the FY 2022-2023 budget following the. 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 on page IX under section **18** of these financial statements.

c. Taxes

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.

Notes to the Financial Statements (Continued)

e. 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.

f. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal

outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 16*.

Financial liabilities

Classification

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

g. Inventories

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

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

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

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

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

h. 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.

i. Nature and purpose of reserves

The entity creates and maintains reserves in terms of accumulated surplus

j. 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.

k. 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.

l. Comparative figures

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

m. 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, 2023.

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.

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Salaries and wages	125,845,479	122,264,820
Total grants in kind	125,845,479	122,264,820

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

7. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Hospital	12,325,812	9,336,420
Total Transfers	12,325,812	9,336,420

8. Rendering of Services - Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	6,041,306	5,342,472
Laboratory	6,978,350	6,322,660
Radiology	3,844,200	2,766,100
Orthopedic and Trauma Technology	573,500	0
In patient	306,030	184,090
Out patient	3,344,627	2,645,000
Theatre	648,150	471,500
Records	748,852	994,600
Maternity	110,301	335,300
Mch /fp	206,245	198,750
Physio therapy	265,910	244,210
Occupational therapy	259,600	164,050
Dental services	184,950	127,500
Booking fee	161,300	184,300
Special clinic	662,315	695,200
Medical examination	182,300	313,350
Ambulance services	416,553	187,100
Total revenue from the rendering of services	24,934,489	21,176,182

Notes to the Financial Statements (Continued)

9. Medical / Clinical Costs

Description	2022/2023	2021/22
	Kshs	Kshs
Laboratory chemicals and reagents	1,997,845	2,533,684
Purchase of Medical gases	401,879	3,612,500
Dressing and Non-Pharmaceuticals	6,299,943	700,775
Pharmaceutical supplies	5,088,610	6,076,400
Total medical/ clinical costs	13,788,277	12,923,359

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

10. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	134,984,654	128,446,688
Employee costs	134,984,654	128,446,688

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

11. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Sitting allowance	0	20,000
Total	0	20,000

12. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	4,746,751	5,908,310
Total depreciation and amortization	4,746,751	5,908,310

13. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	451,230	1,219,000
Computers and accessories	100,000	91,100
Motor vehicle expenses	199,608	515,000
Maintenance of civil works	199,230	0
Total repairs and maintenance	950,068	1,825,100

14. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Board committes and confrence	0	20,000
Catering expenses	260,000	185,000
Other fuels	50,000	74,320
Purchase of air conditioner	30,000	234,150
Food and ration	1,465,476	1,320,941
Bank charges	12,851	36,950
Purchase of medical equipment	50,000	133,400
Purchase of therapy appliances	20,000	
Contracted services	2,860,800	2,860,800
Electricity expenses	3,000,000	2,350,000
Fuel and Lubricants	650,000	760,000
Sanitary and cleaning material	100,000	130,000
Motor vehicle insurance	4,500	
Travel and accommodation allowance	160,000	
Purchase of uniform	153,000	
General office supply	1,401,300	575,000
Purchase of xray supplies	306,000	
Purchase of furniture and fittings	0	38,390
Water and sewerage costs	140,000	120,000
Telephone and mobile phone services	400,000	397,500
Internet expenses	278,200	194,000
Total General Expenses	11,342,127	9,630,255

15. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	6,705,890	6,130,784
Total cash and cash equivalents	6,705,890	6,130,784

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1159380090	6,705,890	6,130,784
Total		6,705,890	6,130,784

16. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables	4,537,430	1,733,980
Total receivables	4,537,430	1,733,980

Analysis of Receivables From Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	2,803,450	62%	1,733,980	100%
Between 1- 2 years	1,733,980	38%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	4,537,430	100%	1,733,980	100%

17. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	394,977	506,367
Maintenance supplies	58,416	102,092
Food supplies	129,967	110,264
Linen and clothing supplies	12,750	0
Cleaning materials supplies	8,333	10,833
General supplies	1,640,691	802,521
Less: provision for impairment of stocks		
Total	2,245,134	1,532,077

Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical	Capital	Total
At July 2021	51,000,000	27,740,368.8	0	2,565,762.5	1,666,000	7,712,512.5	0	90,684,643.8
Depreciation Rate		0.1	0.2	0.125	0.3	0.3		
Depreciation	0	2,774,036.88	0	320,720.3125	499,800	2,313,753.75	0	5,908,310.943
Disposals								0
Impairment								0
Transfer/adjustment		0	-	0	-	-	0	0
At 30th June 2022	51,000,000	24,966,331.92	0	2,245,042.188	1,166,200	5,398,758.75	0	84,776,332.86
								0
Net book values								0
At 30th Jun 2022	51,000,000	24,966,331.92	0	2,245,042.188	1,166,200	5,398,758.75	0	84,776,332.86
At 1st July 2022	51,000,000	24,966,331.92	0	2,245,042.188	1,166,200	5,398,758.75	0	84,776,332.86
rate		0.1	0.2	0.125	0.3	0.3		
depreciation	0	2,496,633.192	0	280,630.2734	349,860	1,619,627.625	0	4,746,751.09
At 30th Jun 2023	51,000,000	22,469,698.73	0	1,964,411.914	816,340	3,779,131.125	0	80,029,581.77
At 1 st July 2023	51,000,000	22,469,698.73	0	1,964,411.914	816,340	3,779,131.125	0	80,029,581.77

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Notes to the Financial Statements (Continued)

19. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	8,752,138		9,802,333	
Total trade and other payables	8,752,138		9,802,333	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	5,641,213	80%	9,257,039	61%
1-2 years	2,565,631	12%	545,294	39%
2-3 years	545,294	8%		%
Over 3 years		%		%
Total	8,752,138	100%	9,802,333	100%

20. Cash Generated from Operations

	2022/2023	2021/2022
	KShs	KShs
Surplus for the year before tax	(2,706,097)	(5,976,291)
Depreciation	(4,746,751)	5,908,311
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities	(7,452,848)	(67,980)

Notes to the Financial Statements (Continued)

21. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counter parts 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:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	1,733,980			
Receivables from –non-exchange transactions				
Bank balances				
Total	1,733,980			
At 30 June 2023				
Receivables from exchange transactions	4,537,430			

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Receivables from – non-exchange transactions				
Bank balances				
Total	4,537,430			

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables			3,110,925	3,110,925
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			3,110,925	3,110,925
At 30 June 2023				
Trade payables			8,342,457	8,342,457
Current portion of borrowings				
Provisions				

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Deferred income				
Employee benefit obligation				
Total			8,342,457	8,342,457

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.

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

iv) Capital Risk Management

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		

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Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

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Notes to the Financial Statements (Continued)

22. 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.

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

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	
Sales of services to xxx	0	
Total		
b) Grants from the Government		
Grants from County Government	0	
Grants from the National Government Entities	0	
Donations in kind	0	
Total		
c) Expenses incurred on behalf of related party		

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Description	2022/2023	2021/2022
	Kshs	Kshs
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

23. Contingent Liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case against the company		
Bank guarantees in favour of subsidiary		
Total		

There are no contingent liabilities

24. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

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

25. Events after the Reporting Period

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

26. Ultimate and Holding Entity

Likoni Subcounty Hospital is a State Corporation under the Department of Health. Its ultimate parent is the County Government of Mombasa.

27. Currency

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

20. Appendices

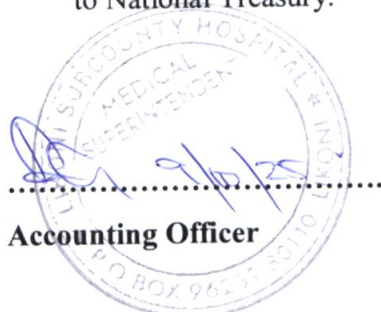
Appendix 1: Progress on Follow Up of Auditor Recommendations

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 the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Accounting Officer

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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)

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

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Appendix III: 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 20XX 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 20XX							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30 th June 20XX				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 20XX (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

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Total						

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

Head of Accounts Department of the beneficiary entity:

Name Sign Date

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments