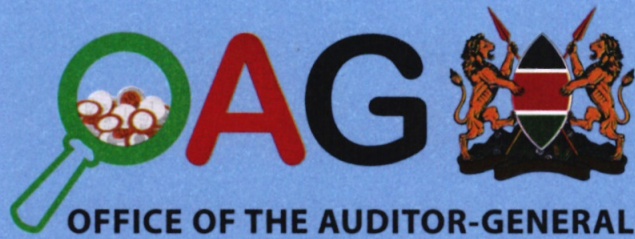


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**KAMBU SUB-COUNTY LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF MAKUENI**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**MACHAKOS HUB.**  
18 JUN 2024  
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**KAMBU SUB COUNTY HOSPITAL (LEVEL 4)  
(COUNTY GOVERNMENT OF MAKUENI)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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

DATE	17/09/24
TABLED BY	M. Leader
COMMITTEE	—
CLERK AT THE TABLE	Cherop

MEDICAL SUPERINTENDENT  
KAMBU SJB COUNTY HOSPITAL

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13 JUN 2011

P. O. Box 72 - 90137  
KIBWEZI

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## **1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

### ***a) Acronyms***

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent

### ***b) Glossary of terms***

Fiduciary Management	Key management personnel who had financial responsibility in the entity.
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## **2. Key Entity Information and Management**

### **(a) Background information**

Kambu Sub County Hospital is a level (4) hospital established under gazette notice number 7132 and is domiciled in Makueni County under the Health Department. The hospital is governed by a Board of Management.

The Hospital is located in Kambu town along the old Mombasa – Nairobi highway in Mtito Andei ward, Kibwezi East Constituency, Makueni County. The Hospital was founded in the year 2009 through a funding from the Kibwezi Constituency CDF under the patronage of Hon. Phillip Kaloki who was the MP for Kibwezi East.

It started as a Model Health Centre and was re-designated to a Sub-County Hospital in the year 2019 through a Gazette notice 7132.

The Hospital offers outpatient services, maternity services, radiology services and mortuary services. The projected catchment population for the hospital is 12,790.

### **(b) Principal Activities**

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

#### **Vision**

An efficient and high-quality health care system that is accessible, equitable and affordable for all Kenyans

#### **Mission**

To promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans.

The core values are patient- centred / customer focused, partnership, professionalism, integrity and transparency, innovation and excellence and impartiality.

#### **Hospital Mandate**

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

### **(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital management team
- Executive Committee

### **Key Entity Information and Management (continued)**

#### **(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Medical Superintendent	<b>Dr. Evelyne Kitungo</b>
2.	Head of finance	<b>Savali Wambua</b>
3.	Head of supply chain	<b>Daniel Musili</b>
4.	Administrator	<b>Daniel Mutiso</b>
5.	Nursing Officer In-charge	<b>Dorcus Kiio</b>

#### **(e) Fiduciary Oversight Arrangements**

- **Makueni County Assembly;** The County Assembly enacted the various legislation and performed the oversight required. They also reviewed the external audit reports and financial statements of the County Government as required by the law.
- **Makueni County Audit Committee;** The Committee supported the hospital by reviewing internal audit reports shared by our mother department of health services and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations. It also spearheaded preparation of the county risk management framework which was disseminated to the hospital.
- **Clinical Research and Standards Committee.**  
The Committee is responsible for:
  - Updating the clinical staff on current treatment guidelines.
  - Ensuring that all drug related events are reported.
  - Set performance targets for clinical units.
  - Review various research findings and related policy documents.
  - Review clinical audit reports and follow-up on implementation of recommendations.
  - Carrying out mortality meetings and give feedback on the findings for action.
- **Risk Committee and Audit committee**

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

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

- **Hospital Management Committee**

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



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




- **Executive Expenditure committee**

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



- (f) Entity Headquarters**  
P.O. Box 72-90137  
Hospital Building Kambu  
Makueni, Kenya
- (g) Entity Contacts**  
Telephone: (+254)754308078  
E-mail: [Kambumodelhc@gmail.com](mailto:Kambumodelhc@gmail.com)  
Website: [www.Kambusubcounty.go.ke](http://www.Kambusubcounty.go.ke)
- (h) Entity Bankers**  
Kenya Commercial Bank
- (i) Independent Auditors**  
Auditor General  
Office of Auditor General  
Anniversary Towers, Monrovia Street  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
- (k) County Attorney**  
P.O. Box.78 90300  
MAKUENI, Kenya



**3. The Board of Management**


Ref	Directors	Details
1.	<p><b>Benjamin Kyalo</b> Nyamai-board chairman</p> 	<p>Aged 43 years. Benjamin Kyalo Nyamai is a principal officer in automobile communication company Kenya. He holds master of science in commerce (finance and investment) from KCA university, he has wide experience in finance and investment for over work 20 years.</p>
2.	<p>Peter Mang'ala Mathekethi-member</p> 	<p>Aged 63 years, peter Mang'ala, coordinates various development programme in Mtito Andei development initiative. He holds diploma in community development from east Africa commercial college, he has Over 41 years of experience in project development</p>

3.	<p>Prisca Keli -member</p> 	<p>Aged 31 year, Prisca Keli is a member of the board of management Kambu sub county hospital. She is a prominent business lady with over 4 years of experience in business field. She holds bachelor of commerce management science from Kenyatta university.</p>
4.	<p>Kelvin Ndonge -Member</p> 	<p>Aged 31 years, Ndonge is a member of board management of Kambu sub county hospital. He holds bachelor of science in mathematics and statistics from south eastern Kenya university. He is a business man with more than two years of experience in business field</p>
5.	<p><b>Dr Evelyne Kitungo -Secretary</b></p> 	<p>Aged 29 years, she is the secretary to the board of management and the medical superintendent of Kambu sub county hospital, with 4 years practising as a medical officer. She holds bachelor of medicine and bachelor of surgery from university of Nairobi</p>

## Management Team

Ref	Management	Details
1.	<p>Dr. Evelyn Kitungo</p> 	<p>Aged 29 years, Dr. Evelyn Kitungo is the Medical Superintendent Kambu sub county hospital, with over 4 years of experience practising as a medical officer, she holds Bachelor of Medicine and Bachelor of Surgery from university of Nairobi</p>
2.	<p>Daniel Mutiso</p> 	<p>Aged 54 years, Daniel Mutiso Mutungi is the health Administrator officer, Kambu sub county hospital. He holds certificate in proficiency examination from Kenya School of Government .He has more than twenty years of experience working as a clerical officer.</p>

3.	<p>Dorcus Kiio</p> 	<p>Aged 49 years, Dorcus Kiio is the Nursing officer in-charge Kambu sub county hospital. She holds Diploma in Community Health Nursing from Machakos KMTTC. she has worked in Ivingoni dispensary as the facility in charge and later become the nursing officer in charge Kambu sub county hospital .she has over 6 years of experience in nursing field</p>
4.	<p>Savali Wambua</p> 	<p>Savali Wambua is the accountant Kambu sub county hospital. He is a CPAK holder, bachelor of commerce accounting option and MBA finance option from Kenyatta university, Wambua has wide experience in accounting, finance, auditing and investment and served in various position in both public and private companies. He has over 5 years of experience.</p>
5.	<p>Daniel Musili Ngumbau</p>	<p>Aged 31 years, Daniel Musili is the procurement office Kambu sub</p>

		<p>county hospital. He holds bachelor degree in procurement from Mount Kenya university. He has over 4 years of experience working as a procurement officer.</p>
--	---	--

### **Chairman's Statement**

It is my pleasure to present the annual report and financial statement of Kambu sub county hospital for the year ended 30<sup>th</sup> June 2022. once again Kambu sub county hospital has demonstrated its commitment to delivery of quality, timely, cost effective and patient centred specialized health care service to all Kenyan citizen in the region. The financial year 2019/2020 has been successful despite some challenges which include covid 19 pandemic.

This year the hospital has shown an increase in revenue generation through FIF, NHIF & Linda Mama programmes. Reimbursement of fund from Makueni County for UHC reimbursed has delayed for the last quarter forcing the hospital to enter into financial crisis.

On behalf of the board of management, I wish to extend my appreciation to his Excellency the governor and all other stakeholders for commissioning of mortuary which has been a benefit to the people of this region and Makueni at large.

Finally, I would like to express my sincere gratitude to my fellow board members, for their dedication and hard work during the year. I would also to take this opportunity to applaud the chief officer for leading the management team and all the staff to greater achievement.

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

- Underfunding of the hospital for smooth running- the hospital doesn't receive adequate funding both from the county government as well as through revenue collection. This in turn affects the operations of hospital activities.
- Shortage of staff-the hospital currently faces an acute shortage of staff in almost all the departments. This has affected smooth service delivery within the hospital.
- Lack of Male, female and paediatric wards resulting to referral of patients who need in-patient care to Kibwezi Sub-County Hospital.
- Lack of a reliable water supply source
- Inadequate supply of drugs and non-pharmaceuticals

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

- The county government should consider more funding to the facility in the subsequent financial years to cater for the hospital needs.
- The county Government should support the hospital by posting more staff to the facility as per departmental and workload needs as it has been witnessed of late.
- In future, the county Government should consider drilling a hospital borehole and probably more water storage tanks as a backup.
- The county government should ensure that all drugs are supplied to the facility on time without further delay.
- construction of male, female and paediatric wards

I'm confidently that as a team, our commitment and dedication will make Kambu Sub County the leading in-service delivery in the county. Thank you and God bless you all.

Benjamin Kyalo Nyamai  
Board chairman  
Kambu sub county hospital

#### **4. Report of The Chief Executive Officer**

During the financial year 2021/22, we were able to carry out the following activities in the hospital:

- Electrification and water connection to the mortuary
- Construction of an X-ray unit
- Tiling of maternity wards
- Purchase of assorted medical equipment
- Fencing of waste disposal areas
- Shelving of the drug store

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

Our health-prevention services included: performing routine immunizations 5 days each week, COVID-19 vaccination at the facility and surrounding areas via outreach services, non-communicable disease screening at the facility and community levels, deworming and vitamin A administration to pre-schoolers, HPV immunization and holding birth classes every month.

Curative care has been an important component of our health programs in the FY2021-2022 tailored to our communities' needs. Our curative programs included: daily patient care in the out-patient department, organizing weekly medical out-patient clinics

(MOPCs), organizing weekly gynaecological out-patient clinics, carrying out minor surgical procedures on patients in need, ensuring that patients have access to commodities and prompt referral for serious cases requiring advanced level of management.

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

Despite significant achievements in governance and leadership, service delivery, health infrastructure, health commodities and vaccinations, human resources for health, and healthcare funding, we continue to face the following problems as a facility: These include:

- Unreliable water source leading to shortage of water in the facility
- Inadequate funding leading to financial constraints
- Inadequate supply of drugs and non-pharmaceuticals hence affecting service delivery
- Understaffing hence leading to overworking of the few available staff
- Delay in disbursement of funds from the County Government and National Treasury
- lack of general wards therefore warranting for referral of patients to the nearby Level 4 Hospitals
- Lack of functional Ambulance which led to over-reliance of the Ambulances in the nearby level 4 Hospitals

### **Hospitals Financing**

The Hospital finances its operations through own generated revenues through the facility improvement fund (FIF), Linda mama, Edu Afya and NHIF reimbursement. It also receives reimbursements from the Makueni UHC.

### **Financial Performance**

#### **Revenue**

In the year ended 30<sup>th</sup> June, 2022, the Hospital had projected revenues of Kshs. 20,400,000 from own sources (FIF), Linda Mama, Edu Afya, NHIF reimbursement and Makueni UHC reimbursements.

The Hospital managed to implement its budget during the Financial Year. There was however delays in disbursement of UHC/Makueni Care funds from the County Treasury which posed service delivery challenges throughout the financial year and especially during Q1 and Q2 of the financial Year.

Finally, I take this opportunity to thank H.E. the Governor and the Deputy Governor for their leadership and guidance in achieving the County Vision for the people of Makueni. I also want to thank the County Executive Committee Members in-charge of Health together with the Chief Officer who have worked hand in hand to ensure that the Department of Health achieve sits mission.

I thank all Kambu sub county hospital staff for their continued commitment and diligence in delivering services to the people of Makueni County

  
Dr. Evelyne Kitungo  
Medical Superintendent  
Kambu Sub County Hospital

#### **Statement of Performance against Predetermined Objectives**

Kambu Sub County Hospital has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows;

- Pillar 1: Health Care Financing
- Pillar 2: Health Human Resource
- Pillar 3: Medical products & commodities
- Pillar 4: Health information Systems
- Pillar 5: Leadership & Governance
- Pillar 6: Service delivery

Kambu Sub County Hospital develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its 6 strategic pillars, as indicated in the diagram below:



<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-		
financing	<ol style="list-style-type: none"> <li>1. Increase revenue generation from 10% to 20%</li> <li>2. Reduce inappropriate waivers and exemptions</li> </ol>	<ol style="list-style-type: none"> <li>1. To increase stream of revenue collection</li> <li>2. Introduction of universal healthcare scheme</li> </ol>	<ol style="list-style-type: none"> <li>1. Use of cashless system -system automation -to carry out sensation on Linda mama and NHIF</li> </ol>	<ol style="list-style-type: none"> <li>1. Revenue increased from 10% to 15%</li> <li>2. Waiver and exemption reduced by 5%</li> </ol>
Health workforce	<ol style="list-style-type: none"> <li>1. Ensure adequate staff availability</li> </ol>	<ol style="list-style-type: none"> <li>1. Number of staff working</li> </ol>	<ol style="list-style-type: none"> <li>1. Recruitment</li> <li>2. Payment of locum allowances</li> </ol>	<ol style="list-style-type: none"> <li>1. Recruitment of a few staff of different cadres</li> </ol>
Medical products and technology	<ol style="list-style-type: none"> <li>1. Ensure proper usage of available commodities</li> </ol>	<ol style="list-style-type: none"> <li>1. Available commodities</li> </ol>	<ol style="list-style-type: none"> <li>1. Use of proper bin cards control system</li> <li>2. Early adequate ordering</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensured availability of commodities</li> </ol>
Health Information System	<ol style="list-style-type: none"> <li>1. To ensure timely and accuracy reporting of data</li> </ol>	<ol style="list-style-type: none"> <li>1. Timely data available</li> </ol>	<ol style="list-style-type: none"> <li>1. Hold quarterly data review meetings.</li> <li>2. Monthly uploading of data in Kenya Health Information Systems.</li> </ol>	<ol style="list-style-type: none"> <li>1. Four quarterly data review meetings held.</li> <li>2. Monthly data uploaded</li> </ol>
Leadership& Governance	<ol style="list-style-type: none"> <li>1. To mentor HMT members.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enlightened staff on</li> </ol>	<ol style="list-style-type: none"> <li>1. Mentor and Hold 4 quarterly</li> </ol>	<ol style="list-style-type: none"> <li>1.HMT members</li> </ol>

		leadership governance.	HMT meetings.	mentored and held 4 quarterly HMT meetings.
Service Delivery	1. To provide effective and efficient promotive and preventive services	1. Enlightened customers and improved health	1. Conduct monthly out reaches	1. Outreaches done on monthly basis. 2. Weekly MOPCs clinics done.

## **5. Corporate Governance Statement**

At Kambu sub county Hospital, the practice of good corporate governance ensures the delivery of

Sustainable value as well as meeting the needs of our stakeholders. Kambu Sub County is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes.

We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the hospital.

This report highlights the main corporate governance structures and practices that guide the Board.

### **Governance Principles and Guidelines**

The Kambu sub county Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices.

The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

### **Board Organization and Structure**

The Kambu sub county Hospital management committee comprises of eleven (11) members including the medical superintendent. Seven (7) members of the committee are independent non-executive including the Chairman, all drawn from the private sector. The remaining four (4) members represent the following institutions –medical superintendent who is the secretary, sub county MOH, and sub county administrator and deputy county commissioner

The committee members are appointed by H.E. the governor through a gazette notice. They each serve for a maximum of two terms of three (3) years. Names of all members and changes thereto are published in the Kenya Gazette

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

These committees are: -

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

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

#### **Finance and General-Purpose Audit**

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

#### **Quality Health Care / Primary Health Care**

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

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

### **Management Discussion and Analysis**

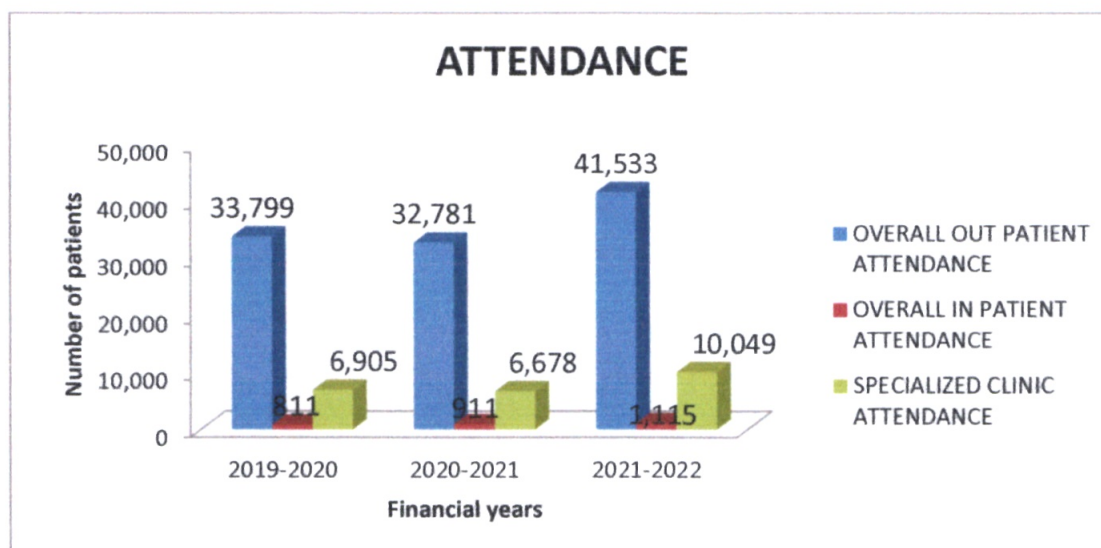
Kambu Sub County Hospital has put in efforts to better service delivery to the people. The hospital is engaged in the operational performance and the financial performance of the hospital.

### Clinical/operational performance

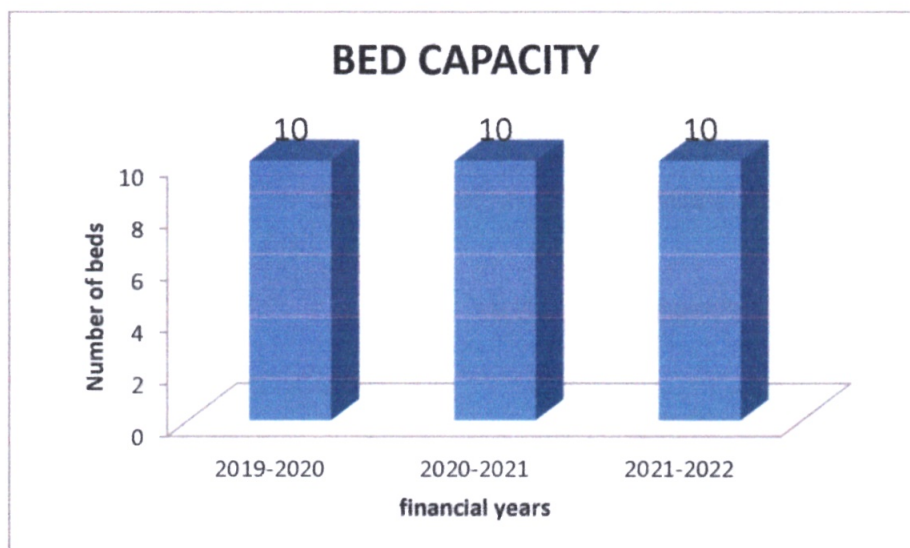
Kambu sub county hospital has 10 Bed capacity of the hospital. The overall patient attendance during the year for both inpatient and outpatient was 1115 and 41,533 respectively.



The number of operations increased from 314 to 337 in the financial 2019-2020 and 2020 -2021 because the facility had adequate medical officer to carry out the operations. In the financial year 2020-2021 to 2021-2022 the number decline from 337 to 274 simply there was a transfer of medical officer and the facility was left with one medical officer, most of the cases were transferred to nearby facilities to safe the live of the patients

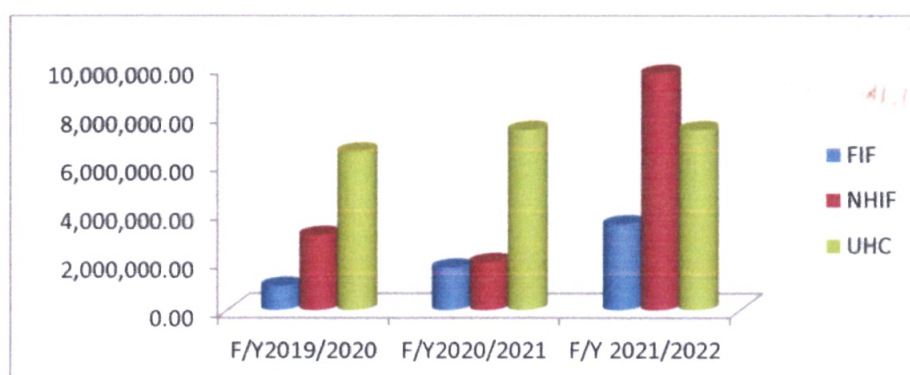


The outpatient’s attendance drops from 33,799 to 32,781, during the f/y2019-2020 during period the facility was operating as a health and most of the services were free hence attracting more patients. In the f/y 2020-2021 when the facility was gazette as sub county level 4, most of the patients starts going to nearby health facilities were services were free, this contributes to the decline in attendance in f/y 2020-2021. In f/y 2021-2022, the outpatient attendance increased due to introduction of services that were not available. New services like radiology, orthopedics and plaster services. For inpatient attendance the number decline in the f/y 2019-2020- and 2020-2021 due to covid 19 pandemics, the number increased in f/y 2021-2022 due to introduction of new services that were not available. For specialized clinics there was a decline in the fy 2019-2020 and 2020-2021 due to covid 19 pandemic. The number of patients increased in f/y 2021-2021 because of introduction of nutrition clinics



The bed capacity remained constant for the three financial years. This was simply because there was no expansion of the ward that could have contributed to increase in the number of beds

### Financial performance

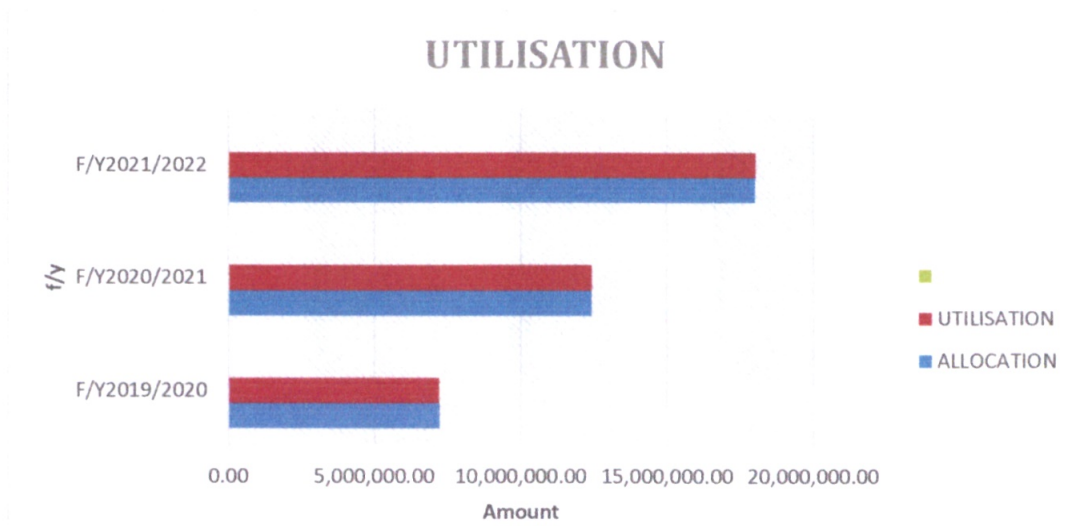


The hospital majorly relies on FIF, NHIF and UHC as sources of revenue. There was a significance increase in revenue collection from FIF in the last three years, this could have arise simply because of the introduction of new servies and increase in UHC card from ksh 500 to ksh 1000.

For the case of NHIF, there was a decline in the f/y 2020-2021, during this period NHIF was migrating from from manual to automation of their system. since it was the introduction stage, system failure contributes to late submission of claims hence late payment.

Uhc fund remained constant for almost three years, a formula based on workload was arrived at, where reimbursement for each hospital remained fixed through out the financial years.

In overall NHIF remained the main source of revenue for contributing the highest percentage



The revenue allocated during the period was utilized to fund hospital expenditure and operations. Almost 99% of the revenue allocated was fully utilized to fund the hospital operations

**MEDICAL SUPERINTENDENT**  
**KAMBU SUB COUNTY HOSPITAL**  
**13 JUN 2021**  
**P. O. Box 72 - 90137**  
**KIBWEZI**

Dr. Everlyn Kitungo  
Medical Superintendent  
Kambu sub county hospital

## **6. Environmental and Sustainability Reporting**

Kambu sub county hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence.

### ***i) Sustainability strategy and profile***

Kambu sub county hospital key stakeholders comprise of: patients, doctors, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community, the media and the general public. Kambu sub county hospital takes into recognition of its accountability to its stakeholders and is committed to efficient and effective in regular engagement with them, and to publicly report on its sustainability performance. Kambu sub county hospital key stakeholders are those groups who have a material impact on, or are materially impacted by, Kambu sub county hospital and its operations

### ***ii) Environmental performance***

The Hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible.

The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of. Practice segregation of waste from the source to improve on cheaper disposal method. Liquid waste separated and disposed of well.

### ***iii) Employee welfare***

The employment of employees is conducted fairly where all the process of recruitment is followed. The candidates who perform well during the time of interview is offered the job. The focus of attracting and utilising talent in a challenging healthcare market continues to be in accident and emergency room doctors. Kambu sub county hospital management has focused on creating conducive work environment in order to attract, train and retain workers to minimise on underutilisation of the human capital resource. We have continuously through the human resource

and advisory committee improved the capacity, skills and knowledge of staff through approving of trainings, supporting conference attendance and supporting and financing senior courses.

*i) iv) Market place practices-*

Kambu sub county hospital has made efforts to:

**a) *Responsible competition practice.***

The hospital being an independent procuring entity prequalifies suppliers under different needs. The framework agreements cover 2-to-3-year periods. This ensures fair competition, guarantees business and minimizes corruption. The hospital is guided by the County treasury to ensure compliance with regulations and refrain from any political involvement.

**b) *Responsible Supply chain and supplier relations***

Those interested to do business the organisation, buy tenders when advertised through the various social media after every two years. Those who qualify are given orders and are paid in good time.

**c) *Responsible marketing and advertisement***

Kambu sub county hospital has mostly concentrated on creating on awareness of the service offered, through social media, community support and organising for outreaches. When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective

**d) *Product stewardship***

Kambu sub county hospital has displayed a service charter on all the service offered to assist in improving on efficiency and effective on service delivery. Patients are provided with receipts as a proof of the service offered

**ii) *Corporate Social Responsibility / Community Engagements***

Kambu sub county hospital seeks to impact lives through social responsibility initiatives. The initiatives are aimed at improving lives and enhance engagement with the public

Community engagement in ways like when we have Mother's Day meetings, over 200 mothers come and educated about breast feeding, hygiene practise and given pampers, lassos, sodas and bread thus giving back to the community

## **7. Report of The Board of Management**

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

### **Principal activities**

The principal activities of Kambu sub county hospital is to promote and participate in the provision of integrated and efficacious, promotes, preventive, curative and rehabilitative health care services to all Kenyans.

### **Results**

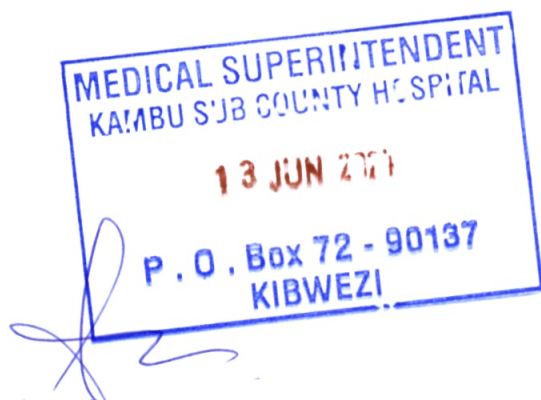
The results of the entity for the year ended June 30 are set out on page vii & viii

### **Board of Management**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the Kambu sub county hospital in accordance with Article 229 of the Constitution of Kenya. By Order of the Board



Dr Everlyn Kitungo  
Secretary board of management  
Kambu sub county hospital

## **8. Statement of Board of Management's Responsibilities**

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

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

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

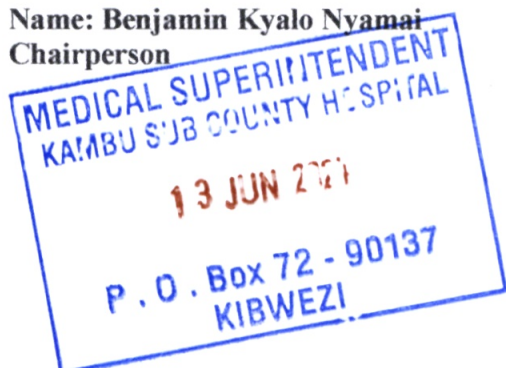
Nothing has come to the attention of the Board of management to indicate that the Kambu sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 13/6/2022 and signed on its behalf by:

.....  
Name: Benjamin Kyalo Nyamai  
Chairperson

.....  
Name: Dr Everlyn Kitungo  
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 KAMBU SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MAKUENI

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kambu Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 53, which comprise of

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

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

### **Basis for Qualified Opinion**

#### **1. Non-Disclosure of Employee Costs Paid by the County Government**

The statement of financial performance reflects employee costs of Kshs.5,054,881 for casuals and contractual staff as disclosed in Note 16 to the financial statements. The Hospital also received services from medical staff employed and paid for by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.5,054,881 could not be confirmed.

#### **2. Inaccuracies of Capital Fund Balance**

The statement of financial position reflects a negative capital fund balance of Kshs.2,053,910. However, statement of changes in net assets reflects a positive balance of Kshs.2,772,675 resulting in an unexplained variance of Kshs.4,826,585.

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

#### **3. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.123,180 as disclosed in Note 31 to the financial statements. However, the facility had movable and immovable assets of undetermined value relating to land, buildings, furniture and fittings and computers which were not disclosed in financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.123,180 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kambu Sub-County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

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

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

#### **2. Failure to Prepare Quarterly Revenue Reports**

The statement of financial performance reflects an amount of Kshs.3,533,385 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the reports were prepared and submitted the same to the County treasury with a copy to the Auditor-General. This was contrary to 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 the quarter.

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

#### **3. Deficiencies in Implementation of Universal Health Coverage**

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due

to staff deficits by staff requirements of seventy-nine (79) or 78% of the 101 authorized establishment.

<b>Personnel</b>	<b>Level 4 Standard</b>	<b>Actual Numbers</b>	<b>Deficit</b>	<b>Percentage %</b>
Medical Officers	16	2	14	88
Anesthesiologists	2	2	0	0
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	1	1	50
Kenya Registered Community Health Nurses	75	17	58	77
<b>Total</b>	<b>101</b>	<b>22</b>	<b>79</b>	<b>78</b>

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

<b>Services</b>	<b>Required</b>	<b>In-Post</b>	<b>Deficit</b>	<b>Percentage %</b>
Incubators (New born)	5	1	4	80
Cots	5	0	5	100
Resuscitaire in Theatre	1	0	1	100
Resuscitaire in Labour Ward	2	0	2	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machine	5	0	5	100
Functional Operating Theatres Maternity and General Surgeries	2	1	1	50

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

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

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

# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Incomplete Fixed Assets Register**

The Hospital summary of the fixed assets for the year under review provided did not reflect all the assets including land, buildings, motor vehicles and motor cycles owned by the Hospital. This was contrary to Regulations 136(1) of the Public Finance Management (County Governments) Regulations, 2015 that provides that the Accounting Officer shall be responsible for maintaining a register of assets.

In the circumstances, the internal controls, risk management and governance of the hospital may not be effective.

### **2. Expired Pharmaceutical Supplies and Storage**

Review of the records maintained at the Hospital revealed that the facility had in store expired pharmaceutical products of undetermined value.

Further, the storage space for pharmaceuticals and non-pharmaceuticals was inadequate with no air conditioner to regulate the temperature especially for drugs that require to be stored under certain room temperature condition

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

### **3. Lack of Risk Management Policy**

The Hospital operated without a documented risk management policy framework. There was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on the entity's operation. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

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

### **4. Lack of Internal Audit Function**

Review of the Hospital governance system revealed that the Hospital had not established an Internal Audit Unit and constituted an audit committee. This was contrary to section 155(1) of the Public Finance Management Act, 2012 which provides that a county

government entity shall ensure that it has appropriate arrangements for conducting internal audit.

In the circumstances, the internal controls, risk management and governance of the hospital may not be effective.

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

### **Responsibilities of Management and the Board of Management**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists,

I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

28 June, 2024


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


Description	Notes	2021/22	2020/21
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	7,400,000	7,400,000.
In-kind contributions from the County Government	7	1,028,260.00	148,505.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>8,428,260.00</b>	<b>7,548,505.0</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	3,533,385.00	1,739,935.0
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Other income ( <i>specify</i> )Nhif,,Linda Mama and ,Uhc	14	16,883,255	2,483,720
<b>Revenue from exchange transactions</b>		<b>20,416,640</b>	<b>4,223,655</b>
<b>Total revenue</b>		<b>28,844,900</b>	<b>11,772,160</b>
<b>Expenses</b>			
Medical/Clinical costs	15	6,783,393	4,873,033
Employee costs	16	5,054,881	3,337,725
Board of Management Expenses	17	158,000	90,000
Depreciation and amortization expense	18	56,820	-
Repairs and maintenance	19	3,063,872	2,274,027
In-kind contributions from the County Government		1,028,260	148,505
Grants and subsidies	20	-	-
General expenses	21	2,805,567	1,947,667
Finance costs	22	-	-
<b>Total expenses</b>		<b>18,950,793</b>	<b>12,670,957</b>
<b>Other gains/(losses)</b>			
Gain on disposal of non-Current assets	23	-	-

**Kambu Sub-County Hospital (County Government of Makeni)**  
**Annual Report and Financial Statements for the Period Ended 30<sup>th</sup> June, 2022**

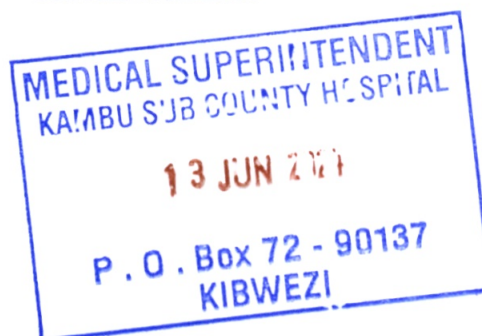
Description	Notes	2021/22	2020/21
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(639,095.00)	(458,685.00)
Impairment loss	26	-	-
Gain on foreign exchange transactions			
Total other gains/(losses)		(639,095)	(458,685)
Net Surplus for the year		9,255,012	(1,357,482)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		9,255,012	(1,357,482)

The Hospital's financial statements were approved by the Board on 13/06/22 and signed on its behalf by:

  
 .....  
**BENJAMIN NYAMAI**  
 Chairman  
 Board of Management

  
 .....  
**WAMBUA SAVALI**  
 Head of Finance  
 ICPAK No:22689

  
 .....  
**EVERLYN KITUNGO**  
 Medical Superintendent



**11. Statement of Financial Position as at 30 June 2022**

Description	Notes	2021/22	2020/21
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	3,787,598	897,166
Receivables from exchange transactions	28	6,241,400	4,678,550
Receivables from non-exchange transactions	29	-	-
Inventories	30	564,000	606,720
<b>Total Current Assets</b>		<b>10,592,998</b>	<b>6,182,436</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	123,180	-
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-current Assets</b>		<b>123,180</b>	<b>-</b>
<b>Total assets</b>		<b>10,716,178</b>	<b>6,182,436</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	2,617,910	458,685
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38		
Current portion of borrowings	39		
<b>Total Current Liabilities</b>		<b>2,617,910.00</b>	<b>458,685.00</b>
<b>Non-current liabilities</b>			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39		
Service concession liability	40	-	-

*Kambu Sub-County Hospital (County Government of Makueni)*  
*Annual Report and Financial Statements for the Period Ended 30<sup>th</sup> June, 2022*

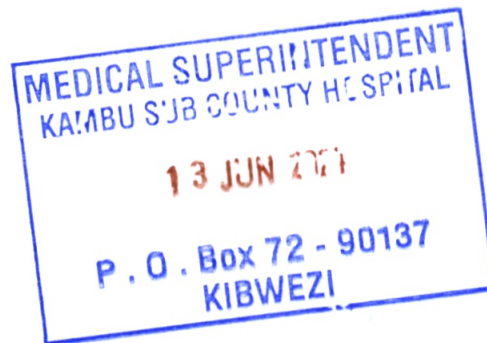
Description	Notes	2021/22	2020/21
		Kshs	Kshs
<b>Total non-current liabilities</b>			
<b>Net assets</b>		8,098,268	
Revaluation reserve			
Accumulated surplus/Deficit		10,152,178	897,166
Capital Fund		(2,053,910)	4,826,585
<b>Total Net Assets and Liabilities</b>		<b>8,098,268</b>	<b>6,182,436</b>

The Hospital's financial statements were approved by the Board on 13/6/2022 and signed on its behalf by:

  
 .....  
**Chairman**  
**Board of Directors**

  
 .....  
**Head of Finance**  
**ICPAK No: 22689**

  
 .....  
**Medical Superintendent**



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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2020	-	2,254,648	-	2,254,648
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		(1,357,482)	4,826,585	3,469,103
Capital/Development grants	-	-	-	-
<b>As at June 30, 2021</b>	-	<b>897,166</b>	<b>4,826,585</b>	<b>5,723,751</b>
At July 1, 2021		897,166	4,826,585	5,723,751
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,255,012	(2,053,910)	7,201,102
Capital/Development grants	-	-	-	-
<b>At June 30, 2022</b>	-	<b>10,152,178</b>	<b>2,772,675</b>	<b>12,924,853</b>

The Hospital's financial statements were approved by the Board on 13/6/2022 and signed on its behalf by:

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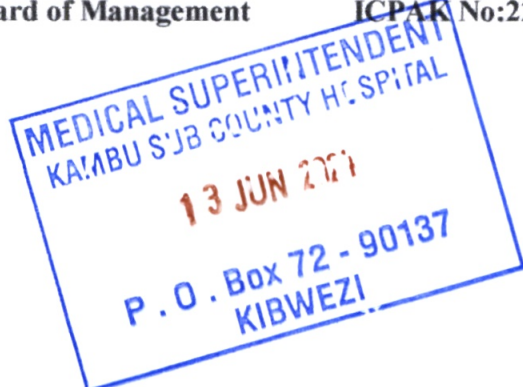
Chairman  
Board of Management

Alu

Head of Finance  
ICPAK No:22689

[Signature]

Medical Superintendent




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


Description		2021/22	2020/21
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		7,400,000.00	7,400,000.0
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		2,894,290	1,281,250
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Other receipts( <i>specify</i> )NHIF,LINDAMAMA, UHC		10,641,855	2,483,720
<b>Total Receipts</b>		<b>20,936,145</b>	<b>11,164,970</b>
<b>Payments</b>			
Medical/Clinical costs		6,783,393	4,873,033
Employee costs		5,054,881	3,337,725
Board of Management Expenses		158,000	90,000
Repairs and maintenance		3,063,872	2,274,027
Grants and subsidies		-	-
General expenses		2,805,567	1,947,667
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>17,865,713</b>	<b>12,522,452</b>
<b>Net cash flows from operating activities</b>	41	<b>3,070,432</b>	<b>(1,357,482)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, & intangible assets		(180,000)	
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(180,000)</b>	
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>

*Kambu Sub-County Hospital (County Government of Makeni)*  
*Annual Report and Financial Statements for the Period Ended 30<sup>th</sup> June, 2022*

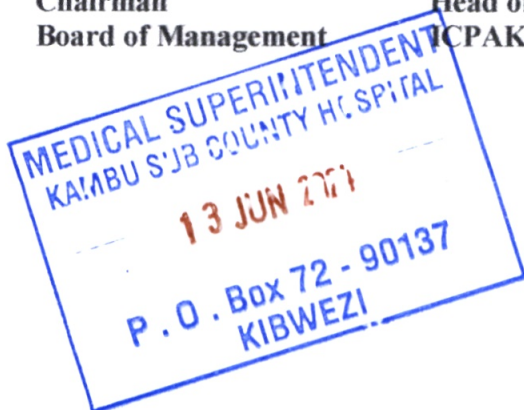
Description		2021/22	2020/21
	Note	Kshs	Kshs
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,890,432</b>	<b>(1,357,482)</b>
Cash and cash equivalents at 1 July	27	897,166	2,254,648
<b>Cash and cash equivalents at 30 July</b>	<b>27</b>	<b>3,787,598</b>	<b>897,166</b>

The notes set out on pages 23 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 13/6/2022 and signed on its behalf by:

  
 BENJAMIN NYAMAI  
 Chairman  
 Board of Management

  
 WAMBUA SAVALI  
 Head of Finance  
 T/CPAK No:22689

  
 DR EVERLYN KITUNGO  
 Medical Superintendent

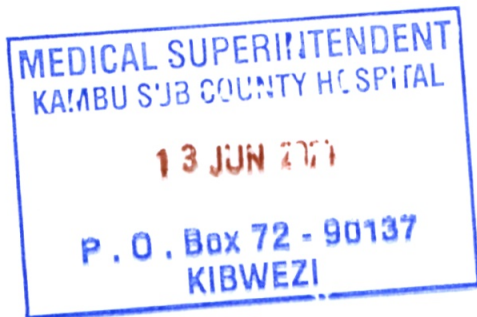


14. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
Transfers from the County Government	7,400,000.	-	7,400,000	7,400,000	-	100%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	2,894,290	-	2,894,290	2,894,290	-	100%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Other receipts ( <i>specify</i> ) Linda mama, uhc	10,641,855	-	10,641,855	10,641,855	-	%
<b>Total income</b>	<b>20,936,145</b>		<b>20,936,145</b>	<b>20,936,145</b>	<b>0.00</b>	<b>100%</b>
<b>Expenses</b>						
Medical/Clinical costs	6,783,393		6,783,393	6,783,393		100%
Employee costs	5,054,881		5,054,881	5,054,881		100%
Remuneration of directors	158,000.0		158,000.0	158,000.0	-	100%
Repairs and maintenance	3,063,872		3,063,872	3,063,872	-	100%
Grants and subsidies	-	-	-	-	-	%
General expenses	2,805,567		2,805,567	2,805,567		100%
Finance costs	-		-	-		%
Refunds	-		-	-		%
<b>Total expenses</b>	<b>17,865,713</b>		<b>17,865,713</b>	<b>17,865,713</b>		<b>100%</b>
<b>Surplus for the period</b>			<b>3,070,432</b>	<b>3,070,432</b>		<b>100%</b>
<b>Capital expenditure</b>			<b>180,000</b>	<b>180,000</b>	-	<b>100%</b>

The notes set out on pages 23 to 39 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 13/6/2022 and signed on its behalf by:

..... ..	..... ..	..... ..
<b>Chairman</b>	<b>Wambua Savali</b>	<b>Dr Evelyn Kitungo</b>
<b>Board of Management</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>
	<b>ICPAK No:22689</b>	



## **15. Notes to the Financial Statements**

### **1. General Information**

Kambu sub county hospital is established by and derives its authority and accountability from health Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity/mission/ mandate of the hospital is to promote and participate in the provision of integrated and efficacious, promotes, preventive, curative and rehabilitative health care services to all Kenyans.

### **2. Statement of Compliance and Basis of Preparation**

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

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

### **3. Adoption of New and Revised Standards**

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

*Notes to the Financial Statements (Continued)*

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity</p>

Standard	Effective date and impact:
	<p>provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**ii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other Government entities**

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

**Notes to the Financial Statements (Continued)**

**Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b) Budget information**

The original budget for FY 2021/2022 was approved by Board on first month of the quarter. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. Approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

*Notes to the Financial Statements (Continued)*

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

**d) Investment property**

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

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

**e) Property, plant and equipment**

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

as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and

equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

*Notes to the Financial Statements (Continued)*

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

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

**Loans and receivables**

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

fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Notes to the Financial Statements (Continued)***

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

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

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

## **Financial liabilities**

### **Initial recognition and measurement**

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

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

### ***Notes to the Financial Statements (Continued)***

#### **Loans and borrowing**

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

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

#### **i) Inventories**

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

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

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

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

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

**j) Provisions**

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

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

**Notes to the Financial Statements (Continued)**

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

**Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

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

**l) 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.

**m) Employee benefits**

**Retirement benefit plans**

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

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

**Notes to the Financial Statements (Continued)**

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Service concession arrangements**

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

*Notes to the Financial Statements (Continued)*

**r) 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.

**s) Comparative figures**

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

**t) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Notes to the Financial Statements (Continued)**

**Useful lives and residual values**

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

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

**Provisions**

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

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

**6. Transfers from The County Government**

Description	2021/22	2020/21
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	7,400,000	7,400,000
Level 5 grants	-	-
Other grants	-	-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>7,400,000</b>	<b>7,400,000</b>

*Notes to the Financial Statements (Continued)*

**6 Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Makeni County Government	7,400,000.00	-	-	7,400,000.00	7,400,000
<b>Total</b>	<b>7,400,000.00</b>	<b>-</b>	<b>-</b>	<b>7,400,000.00</b>	<b>7,400,000.00</b>

**7. In Kind Contributions from The County Government**

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	-	-
Pharmaceutical and Non-Pharmaceutical Supplies	1,028,260	-

Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills		148,505.00
<b>Total grants in kind</b>	<b>1,028,260.00</b>	<b>148,505.00</b>

#### 8. Grants From Donors and Development Partners

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

Notes to the Financial Statements (Continued)

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

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

#### 9. Transfers From Other Government Entities

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

#### 10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations	-	-

Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

*Notes to the Financial Statements (Continued)*

**10 (a) Reconciliations of amortised grants**

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

**11. Rendering of Services-Medical Service Income**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceuticals	1,227,730.00	1,015,560.00
Non-Pharmaceuticals		
Laboratory	961,610	466,310
Radiology	680,500	104,000
Orthopedic and Trauma Technology	160,820	62,350
Theatre		
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service	4,300.00	1,500.00
Cancer centre service		
Dental services		
Reproductive health		
Paediatrics services		
Farewell home services		
Other medical services income	498,425.00	90,215.00
<b>Total revenue from the rendering of services</b>	<b>3,533,385.00</b>	<b>1,739,935.00</b>

*Notes to the Financial Statements (Continued)*

**12. Revenue from Rent of Facilities**

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

**13. Finance /Interest Income**

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

**14. Other Income**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Insurance recoveries-NHIF, LINDA MAMA	9,738,260.00	1,976,720.00
Insurance recoveries UHC	264,500.00	507,000.0
Income from sale of tender	-	-
Waivers and Exemptions	639,095	
Receivables from exchange transactions	6,241,400	-
<b>Total other income</b>	<b>16,883,255</b>	<b>2,483,720</b>

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	869,620.00	591,600.00
Public health activities	-	
Food and Ration	1,279,078.00	1,052,924.00
Uniform, clothing, and linen	109,990.00	245,800.00
Dressing and non-pharmaceuticals	1,142,630.00	771,100.00
Pharmaceutical supplies	360,140.00	391,460.00
Health information stationery	30,000.00	
Reproductive health materials	-	
Sanitary and cleansing Materials	277,500.00	357,149.00
Purchase of Medical gases	196,400.00	52,000.00
X-Ray/Radiology supplies	158,250.00	18,000.00
Other medical related clinical costs, fuel and other fuel	2,359,785.00	1,393,000
	<b>6,783,393.00</b>	<b>4,873 ,033.00</b>

16. Employee Costs

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	3,692,581.00	2,224,725.00
Contributions to pension schemes	102,000.00	57,600.00
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )-Locum	1,260,300.00	1,055,400.00
<b>Employee costs</b>	<b>5,054,881.00</b>	<b>3,337,725.00</b>

*Notes to the Financial Statements (Continued)*

**17. Board of Management Expenses**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	0.00	0.00
Sitting allowance	86,000.00	60,000.00
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	72,000.00	30,000.00
Airtime allowances	-	-
<b>Total</b>	<b>158,000.00</b>	<b>90,000.00</b>

**18. Depreciation And Amortization Expense**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	56,820	
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>56,820</b>	

**19. Repairs And Maintenance**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Plant and property	2,079,272.00	1,356,660.00
Medical equipment	124,000.00	305,999.0
Office equipment	-	
Furniture and fittings	195,400.00	110,000.00
Computers and accessories	595,200.00	501,368.00
Motor vehicle expenses	70,000.00	
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>3,063,872.00</b>	<b>2,274,027.00</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

21. General Expenses

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	-	-
Catering expenses	183,290.00	118,000.00
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	92,235.00	23,779.00
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	461,927.00	450,000.00
Electricity expenses	-	148,505.02
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	676,255.00	326,000.00
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	872,080.00	442,383.00
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	341,780.00	283,000.00

Description	2021/22	2020/21
	KShs	KShs
Skills development levies	-	-
Telephone and mobile phone services	178,000.000	141,000.00
Internet expenses		
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Transfer to county revenue		15,000.00
<b>Total General Expenses</b>	<b>2,805,567.00</b>	<b>1,947,667.00</b>

## 22. Finance Costs

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

## 23. Gain/Loss On Disposal Of Non-Current Assets

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

## 24. Unrealized Gain On Fair Value Investments

Description	2021/22	2020/21
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

*Notes to the Financial Statements (Continued)*

**25. Medical Services Contracts Gains /Losses**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(639,095)	(458,685)
<b>Total Gain/Loss</b>	<b>(639,095)</b>	<b>(458,685)</b>

**26. Impairment Loss**

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

**27. Cash And Cash Equivalentents**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Current accounts	3,787,598	897,166
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalentents</b>	<b>3,787,598</b>	<b>897,166</b>

Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1139073907	11,436.65	3,346.65
Equity Bank, etc	1157902049	3,776,161.25	893,819.25
<b>Sub- total</b>		<b>3,787,598</b>	<b>897,166</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>3,787,598</b>	<b>897,166</b>

28. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables	6,241,400.00	4,678,550.00
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>6,241,400.00</b>	<b>4,678,550.00</b>

*Notes to the Financial Statements (Continued)*

**29. Receivables From Non-Exchange Transactions**

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

*(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)*

**30. Inventories**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	107,000.00	127,000.00
Maintenance supplies	56,000.00	69,720.00
Food supplies	215,000.00	220,000.00
Linen and clothing supplies	58,000.00	40,000.00
Cleaning materials supplies	-	-
General supplies	128,000.00	150,000.00
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>564,000</b>	<b>606,720.00</b>

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Cost</b>								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>								
At 1 <sup>st</sup> July 2021								
Additions					15,000	165,000		180,000
Disposals								
Transfer/adjustments								
<b>At 30<sup>th</sup> June 2022</b>					<b>15,000</b>	<b>165,000</b>		<b>180,000</b>
<b>Depreciation and impairment</b>								
At 1 July 2020								

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation for the year	-	-	-	-		-	-	
Disposals								
Impairment								
<b>At 30 June 2021</b>	-	-	-		-	-	-	-
At July 2021								
Depreciation					1,875	54,945		<b>56,820</b>
Disposals								
Impairment								
Transfer/adjustment								
<b>At 30<sup>th</sup> June 2022</b>	-	-	-		<b>1,875</b>	<b>54,945</b>	-	<b>56,820</b>
<b>Net book values</b>								
At 30 <sup>th</sup> June 2021				-				
At 30 <sup>th</sup> June 2022	-	-	-		13,125	110,055	-	<b>123,180</b>

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

34. Trade And Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	2,617,910.00	458,685.00
Employee dues	-	--
Third-party payments ( <i>unremitted payroll deductions</i> )	-	-
Audit fee	-	-
Doctors' fee	-	-
<b>Total trade and other payables</b>	<b>2,617,910</b>	<b>458,685</b>

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others ( <i>specify</i> )	-	-
<b>Total deposits</b>	-	-

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>				
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
<b>Total provisions</b>				
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
<b>Total Provisions</b>	-	-	-	-

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22	2020/21
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

38 (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
<b>Balance b/f</b>	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers ( <i>Specify</i> )	-	-	-	-
<b>Balance C/F</b>	-	-	-	-

39. Borrowings

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

Notes to the Financial Statements (Continued)

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

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

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

**40. Service Concession Arrangements**

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

**41. Cash Generated from Operations**

	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus for the year before tax</b>		
Surplus for the year before tax	9,255,012	(1,357,482)
<b>Adjusted for:</b>		
Depreciation	56,820	
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	42,720.00	
Increase in receivables	(8,902,030)	-
Increase in deferred income	-	-
Increase in payables	2,617,910	
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>3,070,432</b>	<b>(1,357,482)</b>

*Notes to the Financial Statements (Continued)*

**42. Financial Risk Management**

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

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

**(i) Credit risk**

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the 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:

*Notes to the Financial Statements (Continued)*

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

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

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	-	-	-	-
<b>At 30 June 20xx</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**(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.

*Notes to the Financial Statements (Continued)*

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

a) **Foreign currency risk**

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

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

*Notes to the Financial Statements (Continued)*

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in surplus of

**iv) Capital Risk Management**

The objective of the hospital 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:

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings		
Capital reserve		
<b>Total funds</b>		
Total borrowings	-	-
Less: cash and bank balances		
Net debt/ ( <i>excess cash and cash equivalents</i> )		
<b>Gearing</b>		

**43. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

*Notes to the Financial Statements (Continued)*

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

*Notes to the Financial Statements (Continued)*

**44. Segment Information**

**Contingent Liabilities**

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

**45. Capital Commitments**

<b>Capital Commitments</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**46. Events After the Reporting Period**

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

**47. Ultimate And Holding Entity**

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

**48. Currency**

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

**16. 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.

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

**Guidance Notes:**

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

.....  
**Accounting Officer**

**APPENDIX II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

**APPENDIX IV: Inter-Entity Confirmation Letter**  
*[Insert your Letterhead]*

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

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

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

**Head of Accountants department of beneficiary entity:**

Name ..... Sign ..... Date .....

**APPENDIX: V Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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

**APPENDIX VI Disaster Expenditure Reporting Template**

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