

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

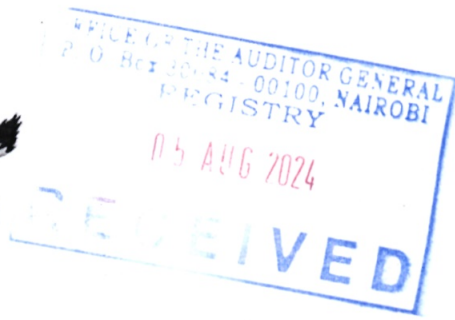
MARAGUA SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MURANG'A

PARLIAMENT
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MARAGUA SUB COUNTY Level 4 HOSPITAL **(Muranga County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
CME	Continuing Medical Education
CECM	County Executive Committee Member
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Maragua sub county Hospital is a level 4 hospital established under gazette notice number and is domiciled in Muranga County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

To be a healthy, productive and nationally competitive county.

Mission

To deliberately build a progressive and sustainable technologically driven evidence based and client centred health system for accelerated attainment of the highest standard of health for all citizens of Muranga county.

Goal

Better health in a responsive manner

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr.George Kairo
2.	Nursing Officer incharge	Loise Kimaru
3.	Head of supply chain	Sarah Irungu
4.	Hospital Administrator	Francis Mwangi

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Kenya poisons board
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- County health management team

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 72-10200
MARAGUA, KENYA

(g) Entity Contacts

Telephone: (+254) 712168203
E-mail: maraguahospital@gmail.com

(h) Entity Bankers

Kenya commercial Bank
Muranga Branch

(i) Independent Auditors

Maragua Sub County Hospital level 4 (Muranga County Government)
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Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) County Attorney

P.O. Box. 52-10200
Muranga, Kenya

3. The Board of Management

No.	Directors	Details
1.	John Waweru	Chairman
2.	Patrick Macharia	Member
3.	Moses Mungai	Member
4.	Damaris Muthoni	Member
5.	Dr Stephen Karangau-Med supt/Secretary	Gynecologist cosultant
6.	Paul Kiragu	Member
7.	Johnson Nduati	Member

4. Key Management Team

Ref	Management	Details
1.	Dr.Stephen Karangau	Overall manager to the hospital Medical area Indicate the main area of responsibility – without details
2.	Lispah M Njoroge	Administration roles
3.	Loise Kimaru	Head of Nursing unit
4.	Margaret Macharia	Head of supply chain
5.	Grace Akinyi	Hospital Accountant

5. Chairman's Statement

It is a great honor to be appointed a member of Maragua hospital and the Chairman of the hospital board as per requirement by health bill No 43 of 2023 .As the board were inaugurated early this year to serve in order to improve on health facility to the public.

As the board we have been able to familiarize ourselves with the hospital operations with assistance of various hospital management team.

We have identified Maragua Hospital as a facility with a potential for its strategically located and its catchment area is vast where patients come for the services that has been beneficial in realizing a healthy members of community.

The hospital has been running well where all departments have managed to execute their mandate as per requirement by the law.

The county government has been embarking on doing various structures improvement in the wards,offices,theaters,toilets and building new wards for males and females,this has allowed accommodation of many patients which will in turn increase revenue collection.

The county government has also been supplying essential drugs and non pharmaceuticals,lab reagents and other medical related items and equipment.

The hospital has enough are of expansion where infrastructures can be put to expand the capacity that it is currently handling.

My trust in the county government that as they continue supporting plus our development partners that the hospital will grow even more for the betterment of our citizens.



.....
Name John Waweru
Chairman to the Board

6. Report of The Medical Superintendent

I personally take this opportunity to appreciate the chance accorded to me to serve as medical superintendent of Maragua Hospital.

Maragua hospital being a level four hospital has capacity of attending mass of patients mostly at south part of the county. The flow of patients has been increasing as time pass by.

As the hospital management team we have been trying our level best to give services to the patients especially on curative and partly preventive. We do a lot of consultations with the top management ie Cecm ,chief officer,the Director and the county health management team in order to realize the vision and the mission in place by H.E the Governor and National government via health department.

The inpatient has been in an increasing trajectory where bed occupancy has been three quarter on average. Theater department as been in operations both minor and major operations. Our theaters has been in good condition. Also the newly built wards that are almost to be launched will increase the number of inpatients. Our aim is to ensure no patient will miss the services needed.

All other departments have been in operation without much challenges, any assistance from the management has been well executed on time.

During this year through intervention of county government, we have been able to digitalize revenue collections that has in return increased the amount collected comparing with previous years the same period.

Well wishers, partners and our donors in the health services have really assisted the hospital to offer recommendable services to the community.

Our staff have been updated time to time through continuing medical education (CME)

Moving forward there is great hope for the community through the services we are ready to continue giving relentlessly.



.....
Name :Dr Stephen Karangau

Secretary to the Board

7. Corporate Governance Statement

As Maragua hospital healthcare corporate governance empowers organizations to redefine their strategies, putting the patient at the heart of their operations. Transparent and stakeholder-centric governance practices cultivate trust and inspire loyalty, while leveraging technology propels healthcare organizations into an era of data-driven decision-making.

Patient-centric governance, transparent decision-making, sustainability, and ethical practices are key components of the governance models employed by the county government. By placing the patient at the heart of our operations and incorporating responsible health workers, hospital has built trust with stakeholders, improve patient outcomes, and create a sustainable and successful future in the competitive healthcare landscape.

By prioritizing patient-centric governance, transparency, and embracing technology, Maragua hospital has chart a path to unparalleled success and make a lasting impact on the lives of thousands. The future of healthcare in Maragua beckons – seize the opportunity to transform community and embrace a patient-centric future. The journey may be challenging, but the rewards are beyond measure.

As the hospital management we embrace accountability to the public as required by the PFM Act 2012 and Chapter 12 of Kenya constitution 2010. In this regard, there is a hospital board legally constituted representing all categories required by health bill.

Maragua Sub County Hospital level 4 (Muranga County Government)
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8. Management Discussion and Analysis

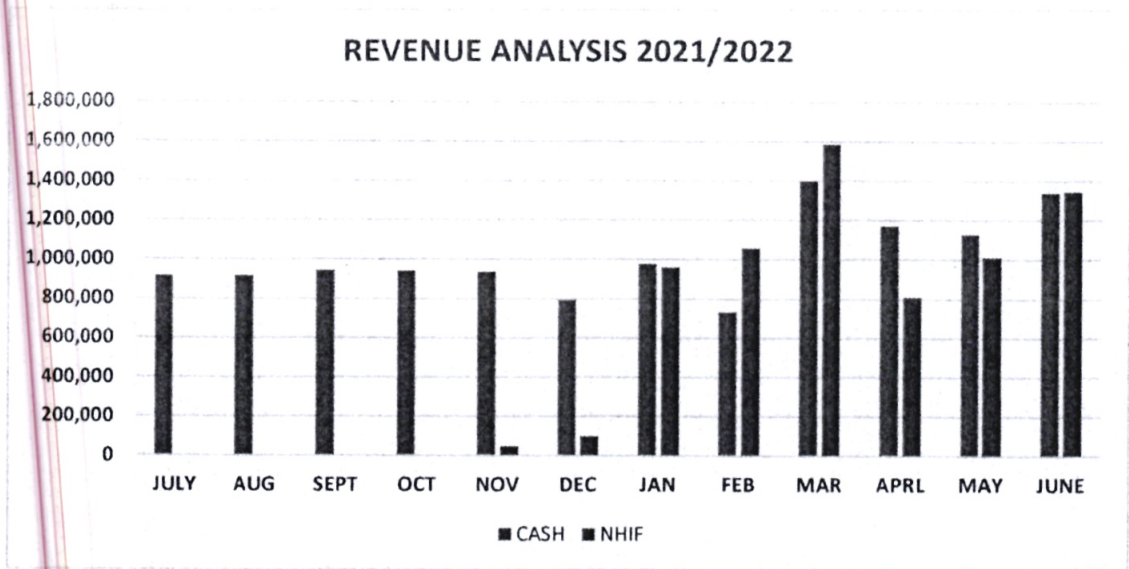
Clinical/operational performance FY 2021/2022

1	Bed Capacity	141
2	Overall Patients Attendance:	99448
3	Inpatient	7016
4	Out Patient	54684
5	Accidents and Emergency Attendance	1604
6	Specialised clinic attendance	37748
7	Average length of stay for in patient	6 DAYS
8	Bed occupancy rate	76%
9	Turn over per bed	47 patients
10	Mortality rate (OPD)	0.3%
11	Mortality (IPD)	3.5%
12	Surgical theatre utilisation	1357

Financial performance that includes: -

REVENUE REPORT FY 2021/2022		
MONTH	CASH	NHIF
JULY	915,660	-
AUG	915,600	-
SEPT	942,305	-
OCT	939,995	-
NOV	935,690	50,000
DEC	795,114	100,000
JAN	977,040	961,000
FEB	732,685	1,055,600
MAR	1,400,835	1,588,400
APRIL	1,170,866	809,600
MAY	1,127,943	1,011,550
JUNE	1,338,976	1,347,350
TOTAL	12,192,709	6,923,500

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022



There was an increasing trend in cash collection as the financial year was progressing

Name : Dr. Stephen Karangau
Secretary to the Board

9.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 for Maragua sub county Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for FY 2021/2022. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year 2021/2022 ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


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

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern

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

Approval of the financial statements

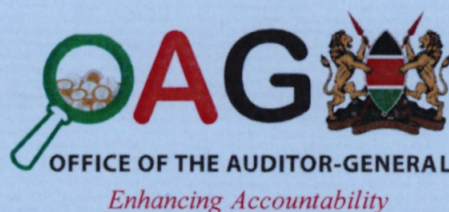
The Hospital’s financial statements were approved by the management on ____30th JULY 2024__ and signed on its behalf by:


.....

Name:Dr Karangau
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 MARAGUA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MURANG'A

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 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 purposes.
- 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 under 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 Maragua Sub-County Level 4 Hospital - County Government of Murang'a set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Maragua Sub-County Level 4 Hospital - County Government of Murang'a 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. Variances in Revenue from Rendering Services

The statement of financial performance reflects Kshs19,116,209 in respect to rendering of services - medical service income. Included in the balance is an amount of Kshs.6,923,500 in respect of the National Health Insurance Fund (NHIF) reimbursement. However, the NHIF records revealed an amount of Kshs.20,498,350 was paid to the Hospital but was not disclosed in the financial statements resulting to an unexplained variance of Kshs.13,574,850.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.19,116,209 could not be confirmed.

2. Non-Disclosure of In-Kind Contributions and Grants

The statement of financial performance reflects Nil balances in respect of in-kind contributions and grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital received medical and pharmaceutical drugs valued at Kshs.1,712,756 and Kshs.26,233,558 from the Government of Kenya and development partners respectively which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of in-kind contributions and grants from donors and development partners could not be confirmed.

3. Variances in Receivables from Exchange Transactions Balance

The statement of financial position and Note 12 to the financial statements reflects receivables from exchange transactions balance of Kshs.3,216,100. However, review of data from National Hospital Insurance Fund (NHIF) revealed an amount of Kshs.2,682,213 that is due from NHIF resulting in an unreconciled variance of Kshs.533,887.

In the circumstances, the accuracy and completeness of receivables from exchange transactions of Kshs.3,216,100 could not be confirmed.

4. Variances in Trade and Other Payables Balance

The statement of financial position and Note 14 to the financial statements reflects Kshs.12,800,756 in respect of trade and other payables. However, review of data from Kenya Medical Supplies Agency (KEMSA) revealed that the Hospital owes KEMSA an amount of Kshs.165,140 which was not disclosed in the financial statements.

In the circumstances, the accuracy, and completeness of the trade and other payables balance of Kshs.12,800,756 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,365,569. However, the Hospital spent an amount of Kshs.1,249,360 against an approved budget of Kshs.20,365,569 resulting in an under-utilization of Kshs.19,116,209 or 94% of the budget.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of 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 sixty-four (64) staff requirements or 66% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical officers	16	7	9	56
Gynecologists	2	1	1	50
Radiologists	2	0	2	100
Pediatrics	2	0	2	100
Kenya Registered Community Health Nurses	75	25	50	67
Total	97	33	64	66

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

Service	Level 4 Hospital Standard	Actuals In the Hospital	Variance	Percentage %
Beds	150	157	+7	+5
Resuscitaire (2 in Labor & 1 in Theatre)	2	2	0	0
New Born Unit Incubators	5	4	1	20
New Born Unit Cots	5	2	3	50
Functional ICU Beds	6	0	6	100
High Dependency Unit (HOU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres- Maternity & General	2	1	1	50

The deficiencies contravened 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.

2. Non-Functional Medical Equipment

The statement of financial position reflects Nil balance for property, plant and equipment as disclosed in the financial statements. However, records provided revealed that the Hospital had medical equipment which were not functional as detailed below;

No	Equipment	Serial No.	Qty	Status
1	Infant Warmer	BN20002E-15-051	2Pcs	Faulty
2	Phototherapy Light		2 pcs	Faulty
3	Space Heaters		1 pc	Faulty
4	Fetal Doppler		1 pc	Faulty
5	Infant Warmer	AP100 plus	1 Luckmed	Faulty
6	Examination Lamp		1 Pc	Faulty
8	Printer	AGFA	1 Pc	Faulty
9	Dental Chair		1 pc	Faulty
10	Laundry Machine	2 Pieces	1 pc	Faulty
11	Dryer		1 pc	Faulty
13	Anesthetic Machine	ES-5002175	1pc	Faulty
No	Equipment	Serial No.	Qty	Status
14		ES-57002313	1pc	Faulty
15	Patient Strecher		2 pcs	Faulty
16	Freezers		2 Pcs	Faulty
20	Coagulyzer Auto Pro			Not in use
21	Electrolytes Analyzer		1	Faulty
22	Medonix Hemogram		1	Faulty
23	Bio japey Cabinet	1300A2	1	Not Functional
24	Cell tae E	fleulumoframe		Not in use (Functional)
25	Tosolt Immuno	Assay		Not available
26	Bio Chem	Fe 200		Not Functional
27	Freezer		1pc	Never used (Functional)
28	Incubator		1pc	Not Functional
29	Thermal Screen Fit Fridge		1pc	Not Functional
30	Konicah Monoita Printer		1pc	Not Functional

In the circumstances, value for money obtained from the non-functional equipment could not be confirmed.

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 governance were not effective.

Basis for Conclusion

1. Ineffective Governance by the Board of Management

The statement of financial performance reflects Nil board expenses as disclosed in the financial statements. However, The Board of Directors did not meet during the financial year 2021/2022 contrary to the Presidential Circular OP/CAB.9/1A of March, 2020 that provides that Board meetings shall be capped at a minimum of four (4) and a maximum of six (6).

Further, the Board did not have an approved work plan/calendar for meetings. A Board work plan sets out the activities planned for each financial year and covers the timings for regular Board meetings and those of the committees available and any special meeting convened during the year.

In the circumstances, the effectiveness of the governance measures put in place by the Hospital could not be confirmed.

2. Expiry of Medical Supplies

The statement of financial position reflects Nil inventory balance as disclosed in the financial statements. Review of pharmacy records revealed that drugs worth Kshs.2,362,600 had expired.

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

3. Failure to Maintain Fixed Asset Register

The statement of financial position and Note 13 to the financial statements reflects balances of Kshs.110,580,650 in respect to property, plant and equipment. However, it was noted that the Hospital does not maintain fixed asset register to control its assets. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as

prescribed by the relevant laws. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and 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 the International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 its operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion.
- My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 July, 2024

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

Description	Note	FY 2021/2022
		KShs
Revenue from non-exchange transactions		
Transfers from the County Government	1	1,249,360
In-kind contributions from the County Government		0
Grants from donors and development partners	2	0
Transfers from other Government entities		0
Public contributions and donations		0
		1,249,360
Revenue from exchange transactions		
Rendering of services- Medical Service Income		19,116,209
Revenue from rent of facilities		0
Finance /Interest Income		0
Miscellaneous Income	3	0
		19,116,209
Revenue from exchange transactions		
Total revenue		20,365,569
Expenses		
Medical/Clinical costs	4	1,217,160
Employee costs	5	0
Board of Management Expenses		0
Depreciation and amortization expense		0
Repairs and maintenance	6	32,200
Grants and subsidies		0
General expenses	7	0
Finance costs		0
Total expenses		1,249,360
Other gains/(losses)		

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Note	FY 2021/2022
		KSh
Gain/Loss on disposal of non-Current assets		
Unrealized gain on fair value of investments		0
Medical services contracts Gains/Losses	8	0
Impairment loss		0
Gain on foreign exchange transactions		0
Total other gains/(losses)		0
Net Surplus / (Deficit) for the year	9	19,116,209

The Hospital's financial statements were approved by on 30th July, 2024 and signed on its behalf by:



Head of Finance
 ICPAK No: 16522



Medical Superintendent

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

12. Statement of Financial Position As At 30th June 2022

Description	Note	FY 2021/2022
		Kshs
Assets		
Current assets		
Cash and cash equivalents	11	19,116,209
Receivables from exchange transactions	12	3,216,100
Receivables from non-exchange transactions		0
Inventories		0
Total Current Assets		22,332,309
Non-current assets		
Property, plant, and equipment	13	110,580,650
Intangible assets		0
Investment property		0
Total Non-current Assets		110,580,650
Total assets		132,912,959
Liabilities		
Current liabilities		
Trade and other payables	14	12,800,756
Refundable deposits from customers/Patients		0
Provisions		0
Finance lease obligation		0
Current portion of deferred income		0
Current portion of borrowings		0
Social Benefits		0
Total Current Liabilities		12,800,756
Non-current liabilities		
Provisions		0
Non-Current Finance lease obligation		0
Non-Current portion of deferred income		0
Non - Current portion of borrowings		0

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Note	FY 2021/2022
		Kshs
Service concession liability		0
Social Benefits		0
Total Non-current liabilities		0
Total Liabilities		12,800,756
Net assets		<u>120,112,203</u>
Revaluation reserve		0
Accumulated surplus/Deficit		19,116,209
Capital Fund		100,995,994
Total Net Assets and Liabilities		<u>120,112,203</u>

13. 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	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	0	0	0
Capital/Development grants	0	0	0	0
As at June 30, 2021	0	0	0	0
At July 1, 2021	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	19,116,209	0	19,116,209
Capital/Development grants	0	0	100,995,994	100,995,994
At June 30, 2022	0	19,116,209	100,995,994	<u>120,112,203</u>

(The notes set out on pages 8 to 16 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ 30th July, 2024 and signed on its behalf by:

.....


Chairman

.....


Head of Finance

.....


Medical Superintendent

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

ICPAK No:

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

Description	Note	FY 2021/2022
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		1,249,360
Grants from donors and development partners		0
Transfers from other Government entities		0
Public contributions and donations		0
Rendering of services- Medical Service Income		19,116,209
Revenue from rent of facilities		0
Finance / interest income		0
Miscellaneous receipts(Interns)		0
Total Receipts		20,365,569
Payments		
Medical/Clinical costs		1,217,160
Employee costs		0
Board of Management Expenses		0
Depreciation and amortization expense		0
Repairs and maintenance		32,200
Grants and subsidies		0
General expenses		0
Finance costs		0
Total Payments		1,249,360
Net cash flows from operating activities		19,116,209
Cash flows from investing activities		
Purchase of property, plant, equipment & intangible assets		(0)
Proceeds from the sale of property, plant, and equipment		0
Acquisition of investments		(0)
Net cash flows used in investing activities		(0)
Cash flows from financing activities		

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Note	FY 2021/2022
		Kshs
Proceeds from borrowings		0
Repayment of borrowings		(0)
Capital grants received		0
Net cash flows used in financing activities		(0)
Net increase/(decrease) in cash and cash equivalents		19,116,209
Cash and cash equivalents as at 1 July 2022		0
Cash and cash equivalents as at 30 June		0

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

14. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	1,249,360	0	1,249,360	1,249,360	0	100%
Grants from donors and development partners	0	0	0	0	0	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Medical Service Income	19,116,209	0	19,116,209	19,116,209	0	0
Revenue from rent of facilities	0	0	0	0	0	0
Finance / interest income	0	0	0	0	0	0
Miscellaneous receipts (Students Interns)	0	0	0	0	0	0
Total income	20,365,569	0	20,365,569	20,365,569	0	100%
Expenses						
Medical/Clinical costs	1,217,160		1,217,160	1,217,160	0	100%
Employee costs	0		0	0	0	0
Board of Management Expenses	0		0	0	0	0
Depreciation and amortization expense	0		0	0	0	0
Repairs and maintenance	32,200		32,200	32,200	0	100%
Grants and subsidies	0		0	0	0	0
General expenses	0		0	0	0	0
Finance costs	0		0	0	0	0

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Surplus for the period	19,116,209	0	19,116,209	19,116,209	0	0
Capital expenditure	0	0	0	0	0	0

7. Notes to the Financial Statements

1. General Information

Maragua sub county Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Muranga County Government and is domiciled in Muranga County in Kenya. The entity's principal activity is Curative.

2. Statement of Compliance and Basis of Preparation

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

Notes to Financial Statements Continued

1. Transfers from the County Government

Description	FY 2021/2022
	KShs
Unconditional grants	
Operational grant	1,249,360
Level 5 grants	0
Unconditional development grants	0
Other grants	0
	1,249,360
Conditional grants	
User fee forgone	0
Transforming health services for Universal care project (THUCP)	0
DANIDA	0
Wards Development grant	0
Paediatric block grant	0
Administration block grant	0
Laboratory grant	0
Total government grants and subsidies	1,249,360

1 b 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
			KShs	KShs
Muranga County Government	1,249,360	0	0	1,249,360
Total	1,249,360	0	0	1,249,360

Notes to Financial Statements Continued

2.Grants From Donors and Development Partners

Description	FY 2021/2022
	KShs
Cancer Centre grant- DANIDA	0
World Bank grants	0
Paediatric ward grant- JICA	0
Research grants	0
Other grants	0
Total grants from development partners	0

3.Miscellaneous Income

Description	FY 2021/2022
	KShs
Insurance recoveries	0
Income from sale of tender	0
Services concession income	0
Sale of goods (water, publications, containers etc)	0
Write backs (Deposits, payments in advance etc)	0
Bad debts recovered	0
<i>Others (Students interns)</i>	0
Total Miscellaneous income	0

Notes to the Financial Statements (Continued)

4. Medical/ Clinical Costs

Description	FY 2021/2022
	Kshs
Dental costs/ materials	0
Laboratory chemicals and reagents	0
Public health activities	0
Food and Ration	500,360
Uniform, clothing, and linen	0
Dressing and Non-Pharmaceuticals	650,000
Pharmaceutical supplies	0
Health information stationery	0
Reproductive health materials	0
Sanitary and cleansing Materials	66,800
Purchase of Medical gases	0
X-Ray/Radiology supplies	0
Other medical related clinical costs (<i>specify</i>)	0
Total medical/ clinical costs	1,217,160

5. Employee Costs

Description	FY 2021/2022
	Kshs
Salaries, wages, and allowances	0
Contributions to pension schemes	0
Service gratuity	0
Performance and other bonuses	0
Staff medical expenses and Insurance cover	0
Group personal accident insurance and WIBA	0
Social contribution	0
Other employee costs (<i>specify</i>)	0
Employee costs	0

6.Repairs And Maintenance

Description	FY 2021/2022
	Kshs
Property- Buildings	32,200
Medical equipment	0
Office equipment	0
Furniture and fittings	0
Computers and accessories	0
Motor vehicle expenses	0
Maintenance of civil works	0
Total repairs and maintenance	32,200

7.General Expenses

Description	FY 2021/2022
	Kshs
Advertising and publicity expenses	0
Catering expenses	0
Waste management expenses	0
Insecticides and rodenticides	0
Audit fees	0
Bank charges	0
Conferences and delegations	0
Consultancy fees	0
Contracted services	0
Electricity expenses	0
Fuel and Lubricants	0
Insurance	0
Research and development expenses	0
Travel and accommodation allowance	0
Legal expenses	0
Licenses and permits	0
Courier and postal services	0
Printing and stationery	0
Hire charges	0
Rent expenses	0
Water and sewerage costs	0
Skills development levies	0
Telephone and mobile phone services	0
Internet expenses	0
Staff training and development	0
Subscriptions to professional bodies	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0
Library books/Materials	0
Parking charges	0
Total General Expenses	0

Notes to the Financial Statements (Continued)

8. Medical Services Contracts Gains /Losses

Description	FY 2021/2022
	KShs
Comprehensive care contracts with NHIF	0
Non- Comprehensive contracts care with NHIF	0
Linda Mama Program	0
Waivers and Exemptions	0
Total Gain/Loss	0

9. Cash And Cash Equivalents

Description	FY 2021/2022
	KShs
Current accounts	0
On - call deposits	0
Fixed deposits accounts	0
Cash in hand	0
Others(<i>specify</i>)- Mobile money	0
Total cash and cash equivalents	0

10 . Detailed Analysis of Cash and Cash Equivalents

Description		FY 2021/2022
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank		0
Equity Bank, etc		0
Sub- total		0
b) On - call deposits		
Kenya Commercial bank		0
Equity Bank – etc		0
Sub- total		0
c) Fixed deposits account		
Bank Name		0

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Sub- total		0
d) Others(specify)		0
cash in hand		0
Mobile money- Mpesa, Airtel money		0
Sub- total		0
Grand total		0

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

11. Cash Generated from Operations

Description	FY 2021/2022
	KShs
Surplus for the year before tax	19,116,209
Adjusted for:	
Depreciation	0
Non-cash grants received	(0)
Impairment	0
Gains and losses on disposal of assets	(0)
Contribution to provisions	0
Contribution to impairment allowance	0
Working Capital adjustments	
Increase in inventory	(0)
Increase in receivables	(0)
Increase in deferred income	0
Increase in payables	0
Increase in payments received in advance	0
Net cash flow from operating activities	19,116,209

12. Receivables From Exchange Transactions

Description	FY 2021/2022
	KShs
Medical services receivables	3,216,100
Rent receivables	0
Other exchange debtors	0
Less: impairment allowance	(0)
Total receivables	3,216,100

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

13. 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
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Ksh
Cost								
At 1 July 2020	-	110,580,650	-	-	-	-	-	110,580,650
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2021	-	110,580,650	-	-	-	-	-	110,580,650
At 1 July 2021	-	110,580,650	-	-	-	-	-	110,580,650
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	110,580,650	-	-	-	-	-	110,580,650
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Ksh
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	-	-	-	-	-	-
At July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2023	-	-	-	-	-	-	-	-
At 30 th Jun 2022	-	110,580,650	-	-	-	-	-	110,580,650

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

14. Trade and other payables

Description	FY 2021/2022
	KShs
Electricity	785,900
Water	11,274,056
Cooking Gas	740,500
Total Trade payables	12,800,756

.....
Accounting Officer

Maragua Sub County Hospital level 4 (Muranga County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022
