REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SAMBURU SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2023

COUNTY GOVERNMENT OF KWALE

Revised 30th June 2023

SAMBURU SUBCOUNTY LEVEL 4 HOSPITAL
(Kwale County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

Table of Contents

1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
CCC	Comprehensive Care Clinic
OPD	Out Patient Department

2. Key Entity Information and Management

(a) Background information

Samburu Hospital is a level 4 hospital established under gazette notice number 4644 and is domiciled in Kwale County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principle activity of the hospital is to provide health care services to the public. This is achieved by making sure that whatever health service clients seek from within the hospital is available.

(c) Key Management

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

- County department of health
- Accounting Officer/ Medical Superintendent
- Management
- Others

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	**Dr. Said Twahir Said**
2.	Head of finance	**Mr. Leonard Mambo Dalu**
3.	Clinician	**Mdm. Mary Mwaka Mgutu**

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

The committee is responsible by making sure that the facility is well enlightened with what how safe the facility and its surrounding. The committee is majorly composed of the medical superintendent, the facility public health officer, the clinical officer in charge and the health administrative officer. The committee usually holds sittings at least after every three months to see the implementations of its findings and to improve that which needs to be. The committee is as well concerned with setting standards of services that require to be provided in the facility. Its major role is to ensure that there is quality service delivery to the clients. It sets procedures for the operations to every department and ensure that they are adhered to by them. This is done through closer supervision by the chairperson of the committee who is the medical superintendent.

Audit committee

This committee is made up of the medical superintendent, the clinical officer in charge, the public health officer, the accountant, and the laboratory officer in charge. The committee usually holds its meetings after every six months. It has a responsibility of ensuring that there is adherence to set guidelines in implementing operational procedures in the facility in all the departments. During this quarter the committee had an exercise that covered almost all departments including the finance department. The key findings were that most of the departments are understaffed, lack sufficient workspaces due to lack of infrastructures in the facility including that of accounts. This has paused a great challenge to the implementation of some standards in some of the departments. The committee therefore resolved to escalate the issue to the county executive in order that an immediate action could be taken to have fully implementation of the set strategies to achieve fully the set targets.

Risk Committee

The committee plays a crucial role in ensuring that the working environment within and without the facility is conducive. It's this committee that usually gives updates of the happenings in the facility to all the staffs. The committee has managed to have designated places where in case of any emergency people can easily converge and have updates. The committee as well as sometimes carry out refresher exercises to staffs who underwent first aid trainings. The committee is vibrant in making sure that all equipment and tools are in good working order by conducting an updating exercise. the committee is headed by the head of physiotherapy department.

County Assembly

The county assembly through the public investment and accounting committee has the mandate to ensure that resources within the county health facilities are used prudently and in accordance to the public finance manual act. The committee has as supervisory role to all the public entities in the county. As of late the committee has not visited the hospital but another committee paid a visit to the facility i.e the county assembly health committee which addressed some of the challenges that were facility the facility

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 31-80120
Off Mombasa-Nairobi Highway
Samburu, Kenya

(g) Entity Contacts

Telephone: (254) 81955804
E-mail: samburuhospital@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Mariakani Branch
Box 464
Mariakani

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

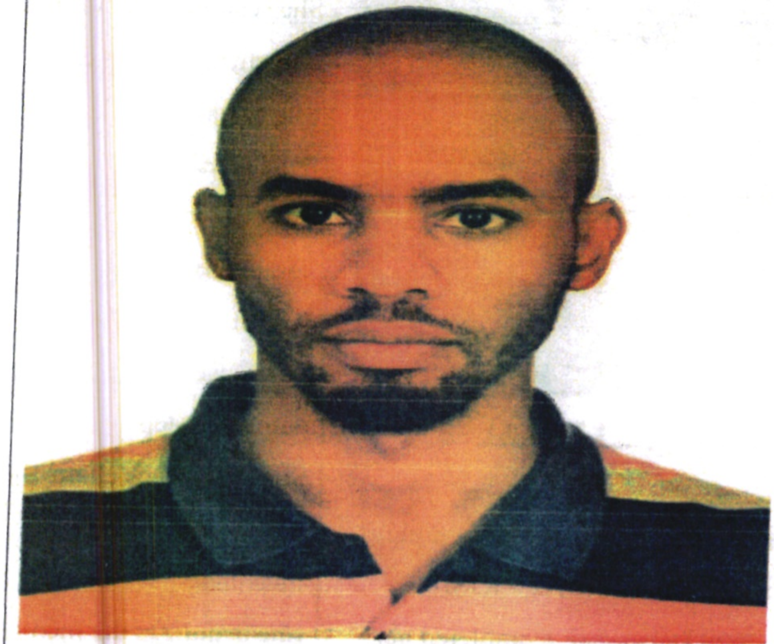
(k) County Attorney

The County Legal Officer
Office of the Governor
P.O. Box 4-80403
Kwale

3. The Board of Management

Ref	Directors	Details
1.	Director 1 (*Insert each Director's passport-size photo and name, and key profession/academic qualifications*)	Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Director 2	
3.	Director 3	
4.	Director 4/Alternate	
5.	MED SUP	
6.	Entity Secretary	Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

4. Key Management Team

Ref	Management	Details
1.	 **DR. SAID TWAHIR SAID-MEDICAL SUPERINTENDENT** Dr. Said twahir said is the medical superintendent of Samburu sub-county hospital. He is a grandaunt of Qatar university with a degree in MBBS in 2018. He has been practicing in the field for at least four years.	The medical superintendent is the chief executive officer to the hospital He oversees all the departments in the hospital He chairs the quality improvement team for the facility He chairs all the executive meetings in the facility He serves as the spokesperson to the hospital He ensures fair distribution of resources in the hospital

2.	 **MDM. MARY MWAKA MGUTU-CLINICAL OFFICER** Mary Mwaka Mugutu is a qualified clinician with a diploma in Clinical Medicine and surgery from KMTC- KISII Campus and graduated in 2009 December. Completed her internship in Kilifi county referral hospital in December 2010. She has a versed experience in the field since her employment in 2011 to 2013 December in Maua Methodist hospital and by the county government year back 2014 January.	She serves as the head of outpatient department She heads the clinical part of the hospital She chairs as well the comprehensive care clinic (CCC) She as well attends clients in outpatient department She sometimes chairs the head of department meetings. She deputizes the medical superintendent.

3.	 **<u>MR. LEONARD MAMBO DALU-ACCOUNTANT</u>** Is an accountant with up to 10 years of experience, holds CPA 2 by KASNEB (currently pursuing CPA 3) and also has a Diploma in Business Management from the Kenya Institute of Management in 2020 plus a Diploma in Accountancy	He heads the finance department in the hospital He oversees the revenue section of the facility He is the custodian of hospital assets He provides financial advices to the management He executes payments on behalf of the hospital He assists the hospital in the making of the hospital budget He prepares payment vouchers for expenditures incurred by the hospital He prepares financial reports for the facility

5. Chairman's Statement

6. Report of The Medical Superintendent

During this financial year, Samburu hospital's budget was fifteen million five hundred and sixty-five thousand. This was a slight increase in our budget as compared to las financial year's budget. There was an increase of one million one hundred and seventy thousand which was a plus on our side. The challenges that as a facility experienced in the previous financial year were minimally reduced by virtue of having bought some part of the earlier needed items and equipment that are needed by the departments in the hospital.

Being at least two years since elevation into a level four facility, there are greater changes that have happened in this financial year. Comparing the performance of some of the departments there is tangible improvement right from staffing and operations of the facility. As a result, the hospital has begun to have wings that will enable the same to go higher as far as quality service delivery is concerned.

Having observed that there is increased use of consumables to many of the departments which signifies that there is an increased collection of revenue in the facility in this financial year.

The costs of most of the items talk of non-pharmaceuticals and usage of fuel by the motor vehicle on referral services, it's a clear indication services delivery has gone up which in return increases the revenue that is collected at the hospital.

From records, there has been an increase in the number of clients who are under NHIF and those who are covered by the Linda Mama program, this signifies that revenue collection has increased too.

The facility has a number of departments that render services at a subsidized cost, they are like the laboratory, the physiotherapy department, the clinical department on consultation, theatre department, inpatients services as well as maternity and the pharmacy department.

These areas are the avenues of revenue to the facility. Although the revenue collected the management does not have a direct interaction with it, but still am certainly sure that as a facility we are not where we were in the previous financial year.

This financial year also, we have seen an increase in number of staffs in some departments which can be the very reason to the improved service delivery to the community. To mention but a few are, the nutrition department which used to have one staff currently there are two, this has made it easier for the department to execute its duties in a well organised manner. Another department that has experienced an increase in the number of staffs is the laboratory department where there used to be two staffs but currently are three. This has contributed to the offering of services for even up to twenty-four hours. The revenue subsection also has received a new staff in this financial year which as well has boosted the efficiency of revenue collection in the hospital.

The effectiveness of service delivery by the facility has much connection with the attitude of the staffs giving the services. As a result to this, the management has come up a program of coming together as hospital staffs and have open conversation day where all the departments have their representatives who are to air their opinions and also have their department individual objectives heard during such gatherings which serves as a means of collecting views that helps that helps the management to have better planning and ensure that at least a bigger percentage of the departmental needs are catered for thus reducing chances of stock outs which in turns leads to service delivery interruption.

During this financial year some departments were not able to perform as expected just because the budget allocation to the facility is still not sufficient to meet the needs of the facility departments. As witnessed, the facility is still struggling with space for some of the departments including the casualty department which only has a single room. This has limited the facility to give credible services that are of the quality intended. Other departments which are affected by lack of space are the physiotherapy which also sits in a room, a place where there cannot be placed bulky machines for use by the department.

Other sections have been acutely affected by under supply of consumables. This has also been brought about by the underfunding of the facility budget.

As management we have plans to have every department to prepare its annual work plan with estimated costs which shall later be put into consideration by being consolidated into a facility work plan which later will be tabled to the county administration and as well advocate for the funding of the same. Many times, the gaps in performance by departments have come as a result of not having a clear plan pertaining what should be done during the financial year and not being specific on the time of doing the planned activity. Therefore, as a facility we are looking forward to have all departments prepare the work plans for betterment of service delivery in the future.

Having experienced some gaps in delivering services due to lack of enough funds to the facility, the facility has initiated a plan where the budget shall be divided into sections where the funds that is received or in-kind given, shall be utilized based on the priorities that shall be given by the departmental heads. By doing so, there shall be minimum hiccups the facility is going to experience in the coming financial years.

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Jusper Mriphe Mwahanje.

Secretary to the Board

OFFICE OF THE MEDICAL SUPERITENDENT
SAMBURU SUB COUNTY HOSPITAL
30 JUN 2023
P.O. Box 31-80120, SAMBURU

7. Statement of Performance Against Predetermined Objectives

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

Samburu sub-county hospital has *3*(three) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/2022- FY 2022/2023. These strategic pillars/ themes/ issues are as follows;

1. Attending clients professionally and improve service quality

The facility is looking forward to see that service rendering by the facility staffs especially those who are holding the offices shall be conducting themselves in a way that is acceptable to the community and adhering to professionalism. This is meant to see that there is improvement on the way that the facility departmental managers conduct themselves in a manner that can be credited.

As a facility, this is our set goal and determined to ensure that for the next two to three years the facility is going to grow in terms of quality service provision to the clients to fit into a world class. The management is devoted to see that everything is in place to have the staffs motivated towards quality service delivery to clients. As per this financial year, the management through the heads of departments have noted a few areas that would require the concerned departmental head put more efforts towards betterment of their departments.

A few cases of miss handling of clients were reported but their effect was not that significant but all in all as Samburu hospital management we are determined to have zero percent towards clients' complaints against the facility. This is achievable as long as the rules and regulations that are in place governing the facility heads of departments and all staffs at large are adhered to. Also there is a guideline that instruct staffs in the facility are expected to conduct themselves in a way that no room of compromise when it comes to offering services to the clients. Therefore, it's upon every member of staff to ensure that ther is total observing to the set standards of service delivery by the county government as well as those of Samburu hospital in order to propel the facility to the expected level.

2. Creating conducive working environment

As far as this financial year is concerned, the facility management has been on its tore to have every department staff have enjoyable working conditions. As a result, it was a wholesome predetermined objective that we improve the working environment by ensuring that whatever it takes to have an office to be fully facilitated is done as well as ensuring that the number of staffs that are deployed in that department or office is sufficient. This has been the core driving agenda since the facility having recently upgraded into a sub-county or level four hospital. You find that many requirements in departments are not availed just because of financial constraints that the facility may have been facing. Also just because the facility has been under micro managed for the whole of previous time it was existent. This has contributed much to the failures to meet some of the predetermined agendas of the facility by the management. This time round, the management has tried hard to see that at least the facility gets funded well so that it can sufficiently supply its needs including the equipping of the hospital departments to ensure effective service rendering to its clients. Since there has been frequent delays in funds disbursement as well as insufficient budget allocation, this has derailed achievement of this projection. Meanwhile, with the little that the facility has received in this current financial year, it has utilized the same prudently to ensure that service delivery remain uninterrupted as well as ensuring every one of the staffs in their respective departments work in conducive surroundings by observing their safety from factors that can hinder their performance.

3. **Resources mobilization**

The facility management has tried its level best in this current financial year to ensure that there is adequate supply of all basic requirements for the facility operations. There is need to ensure that whatever is needed for normal operations in a facility is available. This can be made possible as long as there are enough resources in the hospital. This financial year it has been for the interest of the facility, to ensure that whatever is available in the facility gets utilised optimally for betterment of the facility. The driving force has been that the hospital gets facilitated for its needs. This was the plan, that the county makes sure that what has been allocated for the facility in the budget gets disbursed to the hospital which would have ensured that whatever had been budgeted for gets implemented as expected. This has been a challenge since the budget was not fully funded and therefore hampering the facility operations somehow not as per the projections. Also it was the wish for the facility that there is enough deployment of staffs to the newly created departments as well as the pre-existed departments since the number of staffs in all the departments is not enough. This has made some of these department not perform optimally which is contrary to the wish of the facility.

The management tried its effort as well to approach well-wishers who can support the facility by providing or funding some projects in the hospital like building of a perimeter wall, building of maternity wing, building of an administration block etc. so far this financial year there has been no sponsors of projects that have come open to bear with the burden of sponsoring development projects in the facility. This has been the challenge that most of the departments lack offices as well as equipment for working. Hoping in the near future that the plans to have these three pillars get achieved so as to ensure that the facility gets uplifted as well as gain more impact in the community as well as the county at large.

8. Corporate Governance Statement

There was no Board of Management during this financial year

9. Management Discussion and Analysis

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

Some of the details to be included under this section are;

Throughout this financial year, the hospital has experienced greater improvement in many of its departments something that has been made possible by the coordination that has been effective from the top management to the lower level. The top management has been on the run to ensure that service deliveries in the hospital gets not interrupted by making sure that all the logistics are in place. Starting from ensuring that supplies are always available in the facility depending on the requests or demands of the individual department. There has been an effective ordering process of procuring items that are requested by individual department. Orders or requests that are placed by departments have been attended in swift manner by ensuring that there is early placing of the requests and the procurement procedure done immediately. By doing so, suppliers have also been given sufficient times in order to work out on the orders that are taken to them.

In return, the management has as not hesitated to make sure that payment of debts to suppliers or creditors are duly honoured hence building the so called healthy debtor-creditor trust. This in a bigger way has managed to enable the various departments deliver as per the expectations by the management as well as meeting client's needs.

Due to effective leadership and management in the facility having been brought about by team work amongst the staffs and also interdepartmental relationship, it has facilitated high quality of services delivery in the facility throughout this financial year

The county government has also played a pivotal responsibility in ensuring that there continued support to the hospital management starting from supportive supervisions, technical advices to the heads of departments and many more.

The county government also has motivated the management to the facility by ensuring that debts that owed to the facility are paid for in good time hence making the suppliers develop a good trust with the hospital management. This is evidenced by the fact that by end of the financial year, the rate of patients' attendance was a bit higher as compared to last year's records as discussed under;

- A total of eight hundred and ninety-one cases of accidents and emergency
- Special clinics had eight thousand two hundred and five (8,205)
- An average length of stay in the facility of up to 0.2
- The bed occupancy rate is eight seven percent-87%
- There were no deaths cases in theatre where a total of five hundred and forty (540) operations that were done in the year.
- The mortality rate for the year stood at seven percent (7%)

This serves as indicators that as a facility, there need to have the facility fully developed so that there can be a space to increase the number of services that can be offered in the facility, create more space to accommodate the missing offices for the already existing departments and also a room for improving the quality of service delivery in the facility.

Samburu sub county hospital is a public facility which is fully sponsored by the County government of Kwale and is managed by the Hospital Management Team (HMT). The facility is fully funded by the county government of Kwale. This financial year, the facility budget was prepared in absenture of the facility management team just because before its elevation into a level four facility, the facility was just but a health centre. During this time, the facility was somehow micromanaged in that most of its financial decisions were done at the sub county level i.e. the deliberations were done at a centralised office under the leadership of the district medical officer currently known as the sub county head of health services. Financial issues therefore were made at the sub county level under the directive of the county administration through the health department. As a result, upon the elevation time, its budget had already been passed and therefore amending the same was not somehow possible. As a result, the budget had to be implemented just the way it had been passed. The budget was at least fourteen million which was purely recurrent. Distribution of the budget to the items of the budget was not proportional i.e. the distribution was not as per the needs of the various departments in the facility considering that some departments got created as a result of the facility elevation into a level four facility e.g., accounts department, nursing management department, comprehensive care clinic and many more. As a result, some of these departments had to rely on the allocations that were more related to other departments. Nevertheless, operations of the facility were not interrupted instead the facility remained operational despite the fact the insufficiency of the budget.

The management implemented the budget according to prioritization of needs of the various departments in the facility. The facility was able to provide most of the requirements of the departments. The implementation was based on apportioning or sharing of what got purchased and got distributed fairly to all the departments in order to have normal running of the departments. Most of the purchases done during the financial year were fast moving items like non pharmaceuticals, office stationeries, a small percentage of laboratory reagents since much of the reagents were bought centrally by the health administration i.e. the county laboratory coordinator makes sure that all the laboratories in the county are facilitated with laboratory reagents. As a result, as a facility we managed to buy reagents that were worth three hundred and eighty thousand which was just salvage the situation after a number of the reagents had run out.

Most of the items in the budget were allocated with not more than one million, apart from foodstuffs which was allocated with almost four million for the years' consumption. Many of the vote heads got depleted along the way i.e. before closure of the financial year and therefore the facility depended on the county services and goods allocation.

Like the case of non-pharmaceuticals where the allocation was but only three hundred thousand for the whole year, this much could not sustain the consumption for the facility. Another item that got under allocation for funds was the refined fuel for transport and for the power standby generator whose allocation was but only one million which never sustained the expenses of running the ambulance and the generator. Another area of concern was on the medical drugs where the allocation meagre such that by no means the allocation could sustain the whole year's consumption. The allocation was just four hundred thousand which would only mange to buy a handful of the medical drugs.

As a result, to this, the county administration played a major role in ensuring that the facility operations got not interrupted by ensuring that all the necessary items were supplied whenever they were requested for from the hospital

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Jusper Mriphe Mwahanje.

Secretary to the Board

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The health facility i.e. Samburu 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. Below is an outline of the organisation's policies and activities that promote sustainability.

ii) Environmental performance

Samburu sub county hospital exist to provide health services to the community. Its located in an area whose approximated population is about twenty-four thousand. The facility draws its population from the four wards that some of them are neighbouring to other counties like the case of Mwavumbo wards which borders Kilifi county. The facility is located in a place where is prone to road traffic accidents since it's near the Mombasa Nairobi highway. Many times the facility has received mass accidents cases which makes it very unique from other facilities within the county. Such incidences have served as good and elaborate examples that the facility is stretching a lot to accommodate what is beyond its capacity.

Such incidences have as well served as eye opener to the hospital management as well as the county administration because in most cases when such incidents occur the facility gets overwhelmed to serve the clients since there is lack of casualty department or area instead, the hospital has an injection room which serves as the emergency or casualty wing for the hospital. The management of the hospital therefore appeals to the county government to put into consideration the need to improve the facility right from infrastructure, human resource as well as equipping the various departments already in existent and also bring or start other departments that are vital for a level four hospital. Currently the facility being a level four facility lacks mortuary department, dental department and many more others. This makes it to be a challenge that the facility cannot serve its clients to full capacity.

Currently a number of departments that are recently established are performing well which have as well improved the face of the facility or improved the reputation of the hospital from its former status. The theatre department which was not fully operational, currently its performing some of the procedures that are normally done in well-established hospital but as a facility we have been able to start offering such services in high standards that can be acceptable to the world class. Other areas that are currently doing good are like the laboratory which has a number of machines that enables it conduct complicated tests such as the tests on blood composition and other metabolic processes tests.

iii) Employee welfare

The facility is not having a wall that can serve as a clear demarcation for its land where its situated. As for this financial year, the management got involved much in repairing of damaged chain-link fence where most part of its poles had been destroyed as well as vandalized metallic posts. This created a leeway where domestic animals could encroach and feed within the facility compound as well as having people trespassing. This paused a lot of dangers to the staffs especially those who work on knight shifts. Also there are cases of wild animals passing through the hospital compound, e.g. elephants which exposes the facility and its staffs into dangers.

The location and planning of the facility is important since as of now the facility doesn't have an incinerator or burning chamber. As a facility, since the budget for the facility is limited such that repairing of the fault burning chamber (since there is one which is faulty) is expensive and the costs are near to that of a new one, its therefore the work of the management to lobby to the county to have the burning chamber repaired or have a new one constructed. As management to the facility, a survey has been done by the public health department which recommends that a new burning chamber has to be constructed in a convenient location where its placed away from the wards as well as near the maternity department to prevent fumes that is hazardous as well as awkward smell whenever wastes are burnt. Therefore, the current burning chamber has to be brought down and have the place level as well as cleaned for safety.

The facility management has also come up with a proposal to have well-constructed pit latrine so that expired drugs can get disposed of safely, we as well lobby for the facilitation on this since the facility budget cannot sustain these costs. This shall help to keep the environment free from hazardous drugs as well as free from sharp objects like syringes.

It has been challenging to have the expired drugs and used sharps like syringes kept for quite some time and then inform the department of public administration to come and collect the filled up safety boxes to go and dispose them, a practice which in many occurrences, the process has not been effective since there has been delays to execute the same. This has made the facility surrounding to experience challenging odours which can as well be nuisance to the neighbouring villages as well as passer-by's.

iv) Market place practices-

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

In this ending financial year i.e. 2022-2023, Samburu team, the facility happened to organise some outdoor activities i.e. outreaches. The facility being surrounded by a number primary health service provider has its catchments reduced significantly but since it's the main hospital in the locality, still it sometimes experiences an influx of clients especially young children. This has necessitated the facility to organise for the outreaches where children below five years can get vaccinated right from their homes. As a result, there is room for feedback from the community which serves as a niche to outweigh the same service providers which are privately owned. Through the outreaches, a bigger population gets served while in their local villages. Due to the outreaches, there happens to have a chance to have like community dialogue which serves as a better means to make sure that the facility stands uncompromised as far as service delivery is concerned.

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

Throughout this financial year the facility has maintained timely paying its creditors on time. Through the help of the county government treasury, it has been possible to have the facility to do all what it takes to ensure that there are no stock outs in the facility then having been the trend that at the end of the month a compilation of all the incurred debts by the facility are served to the county treasury for payment. This has made it possible to have creditors or supplies build a good relationship with the hospital. This has ensured that there is no service delivery interruption caused by lack of supplies in the facility. All the departments work in harmony to ensure that requisitions are done in good time and have the orders executed timely in order to have deliveries as expected. Upon delivery of the ordered goods, a subcommittee is set to inspect the goods to certify whether they are the ones that had been requested with the end user department being the team leader during the inspection. This is to ensure that quality goods or services are delivered as per the given details of the requestor.

c) Responsible marketing and advertisement

Being a public entity, the hospital relies on programs that are scheduled sometimes by the county as well as at facility level to make sure that the services of the facility and the existence of the facility itself is made known within its surroundings. Such activities that sometimes are organised by the county government are like mass nets distribution which is initiated by the national government and have the county government run it. This serves as a way of making sure that the hospital is known thus making it outstanding in the market

d) Product stewardship

It's the duty of the management to ensure that whatever is received in the facility by a client is safe and good for use by human, otherwise throughout the financial year the management has been vigilant to ensure that all points of service are free from contamination as well as open to the public at large for accountability and transparency. Through talks with clients to open up concerning the services delivered and the environment under which these services are offered, it has been the very means to have the rights of the clients upheld.

v) Corporate Social Responsibility / Community Engagements

Samburu sub county Hospital is in charged with the responsibility to provide and promote quality curative and preventive healthcare services to the community within its environs and without.

The various activities/corporate social responsibilities to the community include the following which are meant to facilitate or enhance health care services;

MCH (Maternal Child Health)-the sub department is endowed with the responsibility of conducting the following services in the facility; health talks, health education, health promotion, vaccination services to both adults and children.

Outreach services, the facilities do conduct outreaches to the locals in order to either do vaccinate or do the health education.

The facility staffs also are sometimes taken for trainings and seminars to have their capabilities strengthened in order to enhance better service delivery to the community. Through donations from NGOs and other donors do take part in making sure that the facility is provided with incentives to enhance superior quality services by sponsoring data review where all the happening for the specified period is reviewed and every department has to have a representative.

11. Report of The Board of Management

There was no Board of Management during the financial year that ended 30 June 2023

Principal activities

The principle activity of the hospital is to provide health care services to the public. This is achieved by making sure that whatever health service clients seek from within the hospital is available.

Results

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 9.

Board of Management

During this financial year, the facility did not have an instituted Board Of Management.

Auditors

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

By Order of the Board

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Jusper Mriphe Mwahanje.

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 which 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 *entity* 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 entity's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2023. 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 entity; (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 also 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, 2023, 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 (disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on **30/06/2023** and signed on its behalf by:

…………………………	…………………………
David Chajemebe Mnyaka.	**Jusper Mriphe Mwahanje.**
Chairperson	**Accounting Officer**
Board of Management	

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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Anniversary Towers
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NAIROBI

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

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 Samburu Sub County Level 4 Hospital – County Government of Kwale set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Samburu Sub-County Hospital – County Government of Kwale as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.5,334,921 for property, plant and equipment and as disclosed in Note 23 of the financial statement. However, review of Hospital records and physical verification revealed various assets including land, buildings, and motor vehicles which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.5,334,921 could not be confirmed.

2. Unconfirmed Inventory Balance

The statements of financial position reflect Nil inventory balance and as disclosed in Note 22 to the financial statements. However, the Hospital had inventories for pharmaceuticals and non-pharmaceutical of undetermined value in stock as at 30 June 2023. Further, the Hospital did not conduct a stock take and disclose the balance in the financial statement.

In the circumstances, the accuracy, completeness and valuation of the Nil inventory balance could not be confirmed.

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

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. Failure to Dispose Unserviceable Assets

The statement of financial position reflects a balance of Kshs.5,334,921 for property, plant and equipment and as disclosed in Note 23 of the financial statement. However, field verification revealed non-functional assets that have not been disposed of and the same remain unutilized. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

2. Unutilized Power Generator

Review of documents revealed that on 3 February, 2023, County Government of Kwale, through department of health services, supplied to the hospital a power generator cummins engine at a cost of Kshs.3,900,000. However, the power generator was not installed and as at the time of audit in the month of April 2024, it was still lying in the hospital compound unsecured. Further, there were no clear plans on how to house the power generator and when it will become operational.

In the circumstances, value for money obtained from the idle generator could not be confirmed.

3. 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 twenty-three (23) staff requirements or 82% of the authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	3	13	81
Gynecologists	2	1	1	50
Radiologists	2	0	2	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	1	1	50
Pediatrics	2	0	2	100
Total	**28**	**5**	**23**	**82**

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	15 0	43	107	71
Resuscitaire (2 in Labor & 1 in Theatre)	2	0	2	
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (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
Mortuary and Autopsy Facility	1	0	1	100

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 matter described in the Basis for Conclusion on 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

Lack of Hospital Management Board

During the year under review, the Hospital operated without a board of management that is supposed to direct the Hospital in achieving its strategic objectives

In the circumstances, the Hospital will not achieve its strategic objectives

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 Those Charged with Governance

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 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 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.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and 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 the Management.

- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 July, 2024

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,717,850	1,120,000
In kind contributions/ donations from the County Government	7	101,892,256	93,234,850
Transfers from other Government entities	8	-	-
Revenue from non-exchange transactions		103,610,106	94,354,850
Revenue from exchange transactions			
Rendering of services- Medical fees	9	-	-
Other income	10	7,000,000	-
Revenue from exchange transactions		7,000,000	-
Total revenue		110,610,106	94,354,850
Expenses			
Clinical costs	11	25,649,620	16,530,138
Employee costs	12	80,934,959	72,630,232
Remuneration of directors	13	-	-
Depreciation and amortization expense	14	284,441	84,863
Repairs and maintenance	15	1,700,959	907,567
General expenses	16	5,356,059	4,483,979
Finance costs	17	-	-
Total expenses		113,926,038	94,636,779
Other gains/(losses)			
Gain on sale of assets	18	-	-
Impairment loss	19	-	-
Total other gains/(losses)		-	-

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Net Surplus for the year		(3,315,932)	(281,929)
Attributable to:			

The notes set out on pages 25 to 37 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 30/06/2023 and signed on its behalf by:

....	....	....
Chairman	**Head of Finance**	**Medical Superintendent**
Board of Management	**ICPAK No:**	

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

Description	Notes	2020-2021	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	746	492
Receivables from non-exchange transactions	21	-	-
Inventories	22	-	-
Total current assets		746	492
Non-current assets			
Property, plant and equipment	23	5,334,921	594,038
Intangible assets	24	-	-
Investment property	25	-	-
Total Non-Current Assets		5,334,921	594,038
Total assets		5,335,667	594,530
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	26	1,737,806	312,601
Current Provisions	27	-	-
Total Current Liabilities		1,737,806	312,601
Non-current liabilities			
Non-current provisions	28	-	-
Total Non-Current Liabilities		-	-
Total liabilities		1,737,806	312,601
Net assets			
Reserves		(281,929)	-
Accumulated surplus		(3,315,932)	(281,929)
Capital Fund		-	-
TotaNet assets		(3,597,861)	(281,929)

Description	Notes	2020-2021	2021-2022
		Kshs	Kshs
Total net assets and liabilities		5,335,667	594,530

(The notes set out on pages 25 to 37 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 30/6/2023 and signed on its behalf by:

………………………………	………………………………	………………………………
Chairman **Board of Management**	**Head of Finance** **ICPAK No:**	**Medical Superintendent**

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2021					
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/(deficit) for the year	-	-	(281,929)	-	(281,929)
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2022	-	-	**(281,929)**	-	(281,929)
At July 1, 2022	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	**(281,929)**	-	**(281,929)**
Surplus/(deficit) for the year	-	-	(3,315,932)	-	**(3,315,932)**
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2023	-	-	**(3,597,861)**	-	**(3,597,861)**

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

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		1,717,850	1,120,000
Grants from donors and development partners		101,892,256	93,234,850
Transfers from other Government entities(payment made by county treasury)		-	
Public contributions and donations		-	
Rendering of services- medical fees		-	
Sale of goods		-	
Rental revenue from facilities and equipment		-	
Finance / interest income		-	
Consultancy income		-	
Other income, rentals and agency fees		7,000,000	
Total Receipts		**110,610,106**	**94,354,850**
Payments			
Compensation of employees		80,934,959	72,630,232
Remuneration of directors		-	-
Medical/ clinical costs		25,649,620	16,530,138
Finance cost		-	-
Repairs and maintenance		1,700,959	907,567
Depreciation and amortization cost		284,441	84,863
General / other payments		5,356,059	4,483,979
Grants and subsidies paid		-	-
Total Payments		**113,926,038**	**94,636,779**

Net cash flows from operating activities	**29**	**(3,315,932)**	**(281,929)**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		5,704,225	678,900
Proceeds from sale of property, plant and Equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
Net cash flows used in investing activities		**5,704,225**	**678,900**
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**2,388,293**	**396,971**
Cash and cash equivalents at 1 JULY 2021	**28**	**492**	**-**
Cash and cash equivalents at 30 JUNE 2022	**28**	**746**	**492**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	15,565,000	14,011,150	29,576,150	1,717,850	27,858,300	-
Inkind Contribution from County Government	-	-	-	101,829,256	(101,829,256)	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	-	-	-	-	-	-
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (specify)	-	-	-	-	-	-
Total income	**15,565,000**	**14,011,150**	**29,576,150**	**103,547,106**	**27,858,300**	-
Expenses						
Medical/Clinical costs				25,649,620	2,371,000	-
Employee costs				80,934,959	(80,934,959)	-
Remuneration of directors	-	-	-	-	-	
Repairs and maintenance				1,700,959	(742,700)	-
Grants and subsidies	-	-	-	-	-	
General expenses				5,356,059	(5,662,950)	-
Finance costs	-	-	-	1,790	-	-

Refunds	-	-	-	-	-	-
Depreciation				3,481,183	(3,481,183)	-
Total Expenditure	**15,565,000**	**14,011,150**	**29,576,150**	**117,124,570**	**(116,643,597)**	-
Surplus for the period	**15,565,000**	**14,011,150**	**29,576,150**	**(13,577,464)**	-	-

1. General Information

Samburu sub-county hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kwale County Government and is domiciled in Kwale County in Kenya. The entity's principal activity is to provide both curative and preventive health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. **New and amended standards and interpretations in issue effective in the year ended 30 June 2023.**

Standard	Effective date and impact
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

Standard	Effective date and impact
	(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • *IPSAS 29: Financial instruments: Recognition and Measurement* Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Standard	Effective date and impact
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires:- i. 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: *ii.* Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

***iii)* Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the* entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.

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

ii) Revenue from exchange transactions

Rendering of services

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

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.

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.

b. Budget information

The original budget for FY 2022-2023 was approved by county assembly on 1/07/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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 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.

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.

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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j. 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.

k. Provisions

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

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

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

l. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m. 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.

n. 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.

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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.

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Transfer from county government	1,717,850	1,120,000
Total government grants and subsidies	**1,717,850**	**1,120,000**

6 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	2021/2022
			KShs	KShs	KShs
Kwale County Government	1,717,850	-	-	1,717,850	1,120,000
Total	**1,717,850**	-	-	**1,717,850**	**1,120,000**

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Salaries and wages	80,934,959	72,630,232
Medical supplies-Drawings Rights (KEMSA)	19,230,071	10,162,421
Pharmaceuticals and Non-Pharmaceutical Supplies	1,727,226	-
Utility bills	-	10,442,197
Total grants in kind	**101,892,256**	**93,234,850**

8. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

9. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-

Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income	-	-
Total revenue from the rendering of services	-	-

10. Other Income

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
Others	7,000,000	-
Total Miscellaneous income	**7,000,000**	-

11. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	104,540	57,700
Laboratory chemicals and reagents	-	382,397
Public health activities	-	-
Food and Ration	3,513,743	4,272,921
Uniform, clothing, and linen	156,900	167,125
Dressing and Non-Pharmaceuticals	1,727,226	1,134,990
Pharmaceutical supplies	19,230,071	10,162,421
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	513,780	352,584
Purchase of Medical gases	400,000	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs	3,360	-
Total medical/ clinical costs	**25,649,620**	**16,530,138**

12. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	80,934,959	72,630,232
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs	-	-
Employee costs	**80,934,959**	**72,630,232**

13. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance		-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	-	-

14. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	284,441	84,863
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	**284,441**	**84,863**

15. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	235,685	158,410
Medical equipment	912,301	461,657
Office equipment	208,269	233,712
Furniture and fittings	3,150	25,688
Computers and accessories	72,300	3,850
Motor vehicle expenses	60,985	24,250
Maintenance of Equipments	208,269	
Total repairs and maintenance	**1,700,959**	**907,567**

16. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses		
Hospitality supplies & services	17,230	11,950
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	1,790	3,499
Conferences and delegations		
Other Fuel		
Contracted services		
Electricity expenses		100,000
Fuel and Lubricants	2,034,300	1,958,225
Insurance		
Research and development expenses		
Domestic travel & subsistence costs	955,430	532,450
Legal expenses		
General Office Supplies	824,328	813,780
Courier and postal services		
Printing and stationery	19,380	12,525
Hire charges		-
Rent expenses		-
Water and sewerage costs	1,397,705	936,130
Skills development levies		-
Telephone and telecommunication	105,896	109,820
Internet expenses		-
Staff training and development		-
Subscriptions to professional bodies		-
Specialized Items		5,600
Library books/Materials		
TOTAL	**5,356,059**	**4,483,979**

17. Finance Costs

Description	2022/2023	2021/2022
Jun 30th,2022		
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-

18. Gain/Loss on Disposal of Non-Current Assets

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

19. Impairment Loss

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-

20. (a) Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	746	492
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others	-	-
Total cash and cash equivalents	**746**	**492**

20 (b). Detailed Analysis of Cash and Cash Equivalents

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) **Current account**			
Kenya Commercial bank	1125806141	506	246
Bank commission not in cash book		240	246
Grand Total		**746**	**492**

21. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors	-	-
Less: impairment allowance	-	-
Total	-	-

22. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	-	-

23. Property, Plant and Equipment Movement Schedule 2022/23

	Land	Buildings and Civil Works	Motor Vehicles	Furniture, Fittings & Office Equipment	ICT Equipment	Plant and Medical Equipment	Software	Capital Work in Progress	Totals
	Kes	Kes	Kes	Kes	Kes	Kes	Kes	Kes	Kes
Cost/Valuation									
Opening carrying value as at 1st July 2021	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	300,000	-	378,900	-	-	678,900
Disposal	-	-	-	-	-	-	-	-	-
Reclassification to Low asset value	-	-	-	-	-	-	-	-	-
TOTALS (30th June 2022)	-	-	-	**300,000**	-	**378,900**	-	-	**678,900**
Opening carrying value as at 1st July 2022	-	-	-	300,000	-	378,900	-	-	678,900
Additions during the year	-	-	-	347,200	408,000	270,225	-	3,999,900	5,025,325
Disposal	-	-	-	-	-	-	-	-	-
Reclassification to Low asset value	-	-	-	-	-	-	-	-	-
TOTALS (30th June 2023)	-	-	-	**647,200**	**408,000**	**649,125**	-	**3,999,900**	**5,704,225**
Depreciation									
As at 1st July 2021	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	37,500	-	47,363	-	-	84,863
Reclassification to Low asset value	-	-	-	-	-	-	-	-	-
TOTALS(30th June 2022)	-	-	-	**37,500**	-	**47,363**	-	-	**84,863**
As at 1st July 2022	-	-	-	37,500	-	47,363	-	-	84,863
Disposal	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	80,900	122,400	81,141	-	-	284,441
Reclassification to Low asset value	-	-	-	-	-	-	-	-	-
TOTALS(30th June 2023)	-	-	-	**118,400**	**122,400**	**128,504**	-	-	**369,304**
NBV As at 1st July 2022	-	-	-	**262,500**	-	**331,538**	-	-	**594,038**
NBV As at 1st July 2023	-	-	-	**528,800**	**285,600**	**520,621**	-	**3,999,900**	**5,334,921**

Item	Depreciation Rate
Land & Buildings	2%
Motor Vehicle	25%
Computer & Related Equipment	30%
Office Equipment	12.5%
Furniture & Fittings	12.5%
Intangibles	3yrs

24. Intangible Assets-Software

Description	2022/2023	2021/2022
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions–Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

25. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation	-	-
Impairment	-	-
At end of the year	-	-

26. Trade and other Payables

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	1,737,806	312,601
Employee dues	-	-
Third-party payments	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	**1,737,806**	**312,601**

27. Current Provisions

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

28. Non-Current Provisions

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year				-
Additional Provisions				-
Provision utilised				-
Change due to discount and time value for money				-
Less: Current portion				-
Total deferred income	-	-	-	-

29. Cash Generated from Operations

Description	2022/2023	2021/2022
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

30. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022		-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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.

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

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs Kshs	Other currencies	Total Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) 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.

iv) Capital Risk Management

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (*excess cash and cash equivalents*)	-	-
Gearing	-	-

31. 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.

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

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		

Description	2022/2023	2021/2022
	Kshs	Kshs
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

32. Capital Commitments

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

33. Events after the Reporting Period

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

34. Ultimate and Holding Entity

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

35. Currency

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

19. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report.

(ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

....

Dr. Jusper Mriphe Mwahanje
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.)

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

Appendix III: Inter-Entity Confirmation Letter

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20XX as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30th June 2023							
		Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (KShs) as at 30th June 2023 (E)	Differences (KShs) (F)=(D-E)
Total							

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

Head of Accounts Department of the beneficiary entity:

Name Leonard Mamboo **Sign** .... **Date** 30/06/2023

Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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

OFFICE OF THE MEDICAL SUPERITENDENT
SAMBURU SUB COUNTY HOSPITAL
30 JUN 2023
P.O. Box 31-80120, SAMBURU