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REPORT

OF

THE AUDITOR-GENERAL

ON

MAGUNGA LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF HOMA BAY

PAPERS LAID	
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**County Government
of Homa Bay**



**MAGUNGA LEVEL 4 HOSPITAL
(HOMABAY COUNTY GOVERNMENT)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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I. Key Information and Management

(a) Background information

MAGUNGA LEVEL 4 HOSPITAL is a level 4 hospital established under gazette notice No 786 4th February 2020 and is domiciled in Homabay County. The hospital is governed by a Hospital Management Committee

(b) Principal Activities

The principal activity/mission/ mandate of the *hospital* is to provide efficient and effective health care services to community and any other client within and without Homabay county.

(c) Entity Headquarters

P.O. Box 38-40308
Isolated Land
SINDO

(d) Entity Contacts

Telephone: (254)
E-mail:

(e) Entity Bankers

Cooperative Bank of Kenya
NDHIWA BRANCH
P.O. Box
NDHIWA, Kenya

(f) Independent Auditors

Auditor General
Office of Auditor General
Homabay County, Kenya

(g) Principal Legal Adviser

The Attorney General
State Law Office
Homabay County, Kenya




The Magunga Level 4 Hospital day-to-day management is under the following key organs:

- Fiduciary Management
- Hospital Board of Management

II. The Board of Management

No.	Designation	Name
1.	Chairman	Samuel O Wanjare
2.	Secretary	Facility In Charge
3.	Member	Ward Administrator
4.	Member	Sub County MOH
5	Member	Esther Claire
6	Member	Cynthia Doreen
7	Member	Jobagaka Otieno
8	Member	Saul Obenga
9	Member	Sub County PHO
11	Co-opted Member	Hospital Administrator
12	Co-opted Member	Nurse in charge

III. Management Team

Name	Details of qualifications and experience
<p>1. Mr. Richard Ojuok</p> 	<ul style="list-style-type: none"> - Facility In Charge - Diploma in Clinical Medicine and Surgery
<p>2. Mrs. Felister Mugei</p> 	<ul style="list-style-type: none"> -Senior nurse -Diploma in Nursing
<p>3. Mr. Seth Ouko</p> 	<ul style="list-style-type: none"> -Hospital Administrator -Bachelor of commerce Accounting (JKUAT)

IV. Chairman's Statement

It's my pleasure to present the Annual Report and financial statements of Magunga Level 4 Hospital. Once again, the Hospital has demonstrated its commitment to centralized specialized health care services to all Kenyans citizens in the region that spans to counties in south Nyanza and western Kenya.

Management and operations of the hospital is guided by the existing legal policies and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the hospital. The hospitals operations are also influenced by various global, regional and national strategies aimed at promoting, restoring and maintaining the health care service delivery.

In terms of corporate governance, the board of management carried out its mandate diligently and with focus to steer Hospital to achieve its mission. The Board of management consists the right balance of skills, experience and backgrounds to support and challenge the management team.

On behalf of the Board of management, I would like to extend my appreciation to all our stakeholders and development partners for the continued support that has enabled Hospital realize its mandate. I would also like to thank the Hospital management and staff for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Facility In charge, for creating synergy and leading the management team and all staff to greater achievement.

Signed: _____



Chairman

V. Report of the Medical Superintendent/Facility in charge

The performance review for financial year 2021/2022 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely and cost effective and patient-centred specialised healthcare services. Hospital maintained steady growth throughout the year attributed to increased activity levels with a majority of the areas exceeding the targeted performance.

The Hospital has a robust financial management system that is based on the existing government financial management rules and regulations, Public Finance Management (PFM) act 2012, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standard (IFRS).

During the period just to mention little achievement, the team at Suba Sub-County Hospital managed to during the period of review

I. Curative/Preventive Achievement

- The Hospital managed to treat and conduct outreaches to schools surrounding and student treated are
- Public health did their surveillance well and the year ended without outbreak
- The team managed to stock the facility With Human Drugs ,Lab Reagents ,Non- Pharmaceuticals-Ray Films, Phisio Utilities, and at no point the hospital suffers acute shortage of these items
- The Team Managed to Start and Operationalize two new departments, Dental Unit and Eye Unit Fully Equipped

II. Infrastructure and other patient support system

- Full renovation of dental and Eye Department,
- Fully equipped ambulance and utility vehicle for patience support.
- Fully functional inpatient abolition with water flow system.

I take this opportunity to acknowledge the support of The Homabay County Government, and Development partners. Many thanks to the chairman and Members of the Board for their strategic guidance and support. I wish to also register my appreciation to all stakeholders including our suppliers for supplying goods and services required for patient care and the entire staff for their commitment to providing excellent services to our clients and having played different roles and keeping us focused on our mandate.

Signed:

Facility In charge



VI. Statement of Performance against Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Key Objectives

The overall objective is improved clinical outcomes, satisfied clients, learning, growth and development. This will be achieved only if the Hospital is able to: -

- 1) Enhance access to quality services commensurate with the level and expectations of the coverage population by; -
 - (a) Improving essential and emergency medical services, medical laboratory and imaging diagnostic services including specialist pathology services,
 - (b) Expanding and ensuring equitable access by all clients by anticipating and planning for the marginalized ('ignored'), indigent and vulnerable
 - Advocating for registration with the NHIF
 - Providing fee exemptions and improving the waiver system
 - Providing outreach services
 - Providing cohort friendly service packages e.g. for the Adolescents, Youth, Elderly, Men, Commercial Sex Workers etc.
- 2) Improve human resource capacity (adequacy), effectiveness (knowledge and skills), motivation and satisfaction.
 - a) Human Resource is indispensable in the provision of Healthcare Services
 - b) There's need to investment in identification for recruitment and training to match staff establishment requirements and skills' mix with current and projected coverage population needs
- 3) Improve financial resources collection, mobilization, risk management and accountability
 - a) The hospital must exploit its full potential with regards to insured clients in the coverage population including but not limited to the NHIF comprehensive Scheme, the NHIF EduAfya, the NHIF Universal Coverage
 - b) The hospital must assess and mitigate the risk of revenue loss through willful negligence, laxity, corrupt practices and theft.
 - c) The Hospital must strengthen existing systems that enhance access without inherent revenue reduction e.g. subsidized services and commodities, waiver system.
 - d) The hospital must make every effort to aggressively market its strengths and exploit its opportunities
- 4) Improve consumables (pharmaceuticals, non-pharmaceuticals, supplies and other materials) availability and security
 - a) The critical and indispensable role health commodities play in the outcomes of health processes MUST always be recognized and prioritized for investment and resource allocation.

- b) While it is accurate to consider healthcare a service industry, it is unreasonable to expect any positive results or outcomes without the input of requisite appropriate, affordable and quality health commodities
 - c) It will be necessary to forecast the required quantities of all essential health commodities relevant to the needs of the Hospital's coverage population
 - d) There's need to provide adequate and appropriate space for the storage and security of the commodities
 - e) There's need to supplement the supplies procured by the County Government by establishing own source revenue.
 - f) The authority of hospital managers should be increased and hospital tender committees created and empowered to enable us to purchase goods more efficiently and responsively.
 - g) Spending bands should be widened, and modern systems and managerial skills developed to increase the hospital procurement capacity.
 - h) If the hospital has the capacity and is in a position to comply with the requisite financial regulations we will in time, be able to decide whether to procure on our own, through government and other agencies
- 5) Improve infrastructural development and equipment and medical devices availability, maintenance and security
- a) This relates to the built environment, in-patient beds, furniture, equipment and machines, transport and technology (ICT) required for effective delivery of health services.
 - b) It is a fundamental pillar in the improvement of client experience and outcomes
 - c) Infrastructure must be designed, chosen, placed and maintained to ensure, Client safety, Efficiency and effectiveness, Sustainability and Equity and Accessibility.
 - d) There's need to ensure all critical and capital-intensive equipment are under service contracts and that preventive and / or routine maintenance of the same is the rule and is carried out as indicated in a plan.
 - e) As much as possible, mutually beneficial comprehensive placement agreements will be encouraged to broaden the range of service availability, to reduce client inconvenience and to facilitate better service delivery and outcomes
- 6) Improve on health and financial information systems automation, integration, transparency and application. Improve care through technology.
- a) A health information system (HIS) is a system that integrates data collection, processing, reporting, and use of the information necessary for improving health service effectiveness and efficiency through better management at all levels of health services.
 - b) It is a way of collecting, storing, managing and transmitting (reporting) data including, Clients' electronic medical records (EMR), Hospital's operational (HR < Finance, Procurement) management
 - c) When functioning well, the HIS facilitates planning, monitoring, and the overall quality assurance and improvement

- 7) Foster a visionary governance and competent committed leadership
 - a) Good governance and effective leadership are considered core components of a resilient health system
 - b) Good governance ensures evidence-based policy making resulting in Efficient and effective service provision and management systems, Transparency with checks and balances and Accountability
 - c) There's need to promote and lobby for leadership with demonstrable willingness to take ownership and stewardship of the hospital and to continually do what is best for the same.
- 8) Foster and expand partnerships, collaboration and social responsibility, The overriding goal is to achieve better outcomes through either one or a combination of, raising awareness about unmet needs, Provision of resources (Finances, HR, Consumables, Equipment, Plant and Machinery, Provision of joint platforms for coordination, monitoring and evaluation, Tapping into each other's unique but complementary expertise, Research and learning
- 9) Foster learning, change and improvement culture in the Hospital through improved stakeholder participation and feedback management, research and innovation.
 - a) Strengthen and expand partnership and collaboration with training institutions including but not limited to the Kenya Medical Training College, Medical training universities and colleges, AMREF International University and the Kenya School of Government.
 - b) Strengthen and expand partnership and collaboration with research institutions including the Kenya Medical Research Institute and other institutions of higher learning
 - c) Institutionalize and strengthen continuous professional development
 - d) Institutionalize and invest in operational research initiatives
 - e) Facilitate continuous client feedback management

Two strategic themes were identified each with a strategic result whose successful execution will enable the Hospital achieve its mission and vision. These are:

	Strategic Theme	Strategic Result
1	Managerial and Operational Excellence	Seamless, effective and timely service delivery and efficient Utilization of resources
2	Professional in clinical services	Improved quality healthcare services

VII. Corporate Governance Statement

The Magunga Level 4 Hospital Board of management has responsibilities, Functions, structures and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

Role of the Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board. The board through its committees provide strategic direction.

VIII. Management Discussion and Analysis

Clinical performance

During the financial year ending 30th June 2022, Magunga Hospital continued to offer specialized medical care by attending to over 100,000 patients.

Reproductive Health

A total of 400 deliveries were conducted during the year under review. This is attributed mainly to increased referrals from sub counties and nearby counties, in need of specialized maternity services and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver at Magunga Hospital without having to personally incur any cost.

Environmental and Sustainability Reporting

Hospital exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

AS a county teaching and referral hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure that success and longevity of the business. We are committed to being transparent, candid, and open about our operations.

The Hospital we have a pragmatic approach to sustainability, we focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits to all our stakeholders.

Engaging with our stakeholders informs our decision making, strengthened our relationship and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we must work in partnership with other interested stakeholders in who share our commitment and have a stake in our entity.

We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

ii) Environmental performance

In our offices and clinical areas, we continue encouraging employees to help reduce energy consumption by switching of their computers and lights at the end of the day.

As part of adopting energy efficient technology, we have a microwave incinerator that helps with waste management.

In packaging of medicine, we use environmentally friendly bags. In medical waste we are using bags which are clearly marked for clinical waste, bottles, leftover food, staffs are also provided with personal protective equipment

iii) Employee welfare

Magunga Level 4 Hospital staff are employed and remunerated by the Homabay County Government. With a recruitment policy of at least a third is not of more than one gender.

Policy guiding hiring process

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which is forwarded to the County Public Service Board at the beginning of each financial year to enable it plan to fill vacancies.

Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

Efforts made in improving skills and managing careers

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression.

Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department.

Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement.

Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

Appraisal and reward system

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems is also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans includes the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description.

The appraisals period covers one (1) year starting 1st July to 30th June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

Reward System

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, firefighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Firefighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

iv) **Market place practices-**

Responsible Supply chain and supplier relations

Magunga Hospital has suppliers that supply goods and services. We manage contracts and engage multiple service providers for our operations. Our own reputation as service providers is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practices and adhere to our contract agreement for all services and goods offered.

v) **Corporate Social Responsibility Statement**

As a way of creating awareness on health seeking behaviour and encourage early diagnosis and treatment,

Report of the Board of Management

The Board of Management submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Hospital's affairs.

a) **Principal activities**

The principal activities of the Hospital are:

- i. Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the Hospital.
- ii. Support capacity building in the management of the Hospital
- iii. To give decision making autonomy to the Hospital management committees, to plan and manage the resources within their control
- iv. To improve the quality of health care services in the Hospital

b) **Results**

The results of the Hospital for the year ended June 30, 2022, are set out on page 1

c) **Auditors**

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

By Order of the Board



Secretary to the Board

Date

28/7/2022

IX. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 19 of the Homabay County Finance Bill 2021 require the Board to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital as at 30 June 2022 and the operating results of the Hospital for the year then ended. The Directors are also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The Board are also responsible for safeguarding the assets of the Hospital.

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

The Board accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Homabay County Finance Bill, 2012. The Directors 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 30 June, 2022, and of the Hospital's financial position as at that date.

The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board 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 *Magunga level 4 Hospital* financial statements were approved by the Board on _____ and signed on its behalf by:



Chairperson

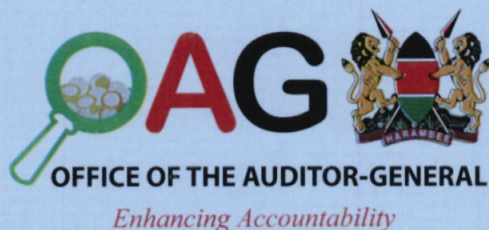


Administrator/Accountant



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MAGUNGA LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF HOMA BAY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Magunga Level 4 Hospital - County Government of Homa Bay set out on pages 1 to 16, which comprise of the

Report of the Auditor-General on Magunga Level 4 Hospital for the year ended 30 June, 2022 - County Government of Homa Bay

statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Magunga Level 4 Hospital - County Government of Homa Bay as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Understatement of Revenue from Non-Exchange Transactions

The statement of financial performance and Note 1 to the financial statements reflects an amount of Kshs.414,665 as revenue from non-exchange transactions being in-kind contributions from the County Government which were used to procure drugs from the Kenya Medical Supplies Agency (KEMSA) for onward distribution to the facility. However, review of the invoices and delivery notes from KEMSA revealed that the Hospital received drugs worth Kshs.9,612,661 resulting to understatement of the revenue from non-exchange transactions by Kshs.9,197,996.

In the circumstances, the accuracy and completeness of the revenue from non-exchange transactions balance of Kshs.414,665 could not be confirmed.

2. Inaccuracies of Cash and Cash Equivalents Balance

The statement of financial position and Note 9 to the financial statements reflects cash and cash equivalents balance of Kshs.1,136,794. However, the Hospital did not maintain cash books for its accounts and no monthly bank reconciliations were prepared.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,136,794 could not be confirmed.

3. Non-Disclosure and Doubtful Ownership of Property, Plant and Equipment

The statement of financial position reflects Nil balance in relation to property, plant and equipment. However, review of records and physical inspection revealed that the Hospital has both movable and immovable assets of undetermined value which were not disclosed in the financial statements. Additionally, the various movable and immovable assets that were physically verified at the Hospital, no ownership documents including title deed for the land on which it is built were availed.

In the circumstances, the accuracy and ownership of property, plant and equipment Nil balance could not be confirmed.

4. Inaccuracies in the Receivables from Exchange Transactions

The statement of financial position and Note 11 to the financial statements reflects National Health Insurance Fund receivables balance of Kshs.268,095. However, the National Health Insurance Fund corroborative records revealed an amount of Kshs.133,006 as payable to the Hospital during the year resulting to an unexplained variance of Kshs.135,089.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.268,095 could not be confirmed.

5. Inaccuracies of the Statement of Comparison of Budget and Actual Amounts

The amended financial statements presented for audit review did not include all information as required in the format prescribed by the Public Sector Accounting Standards Board (PSASB) as follows:

In the statement of comparison of budget and actual amounts, the performance difference balance of NHIF reflects Nil balance instead of Kshs.2,132,438. Further, it shows total income balance of Kshs.1,185,335 which differs with casted balance of Kshs.947,103 resulting to unexplained balance of Kshs.238,232.

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

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

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. Lack of Quarterly Revenue Reports

The statement of financial performance and Notes 2 and 3 to the financial statements reflects revenue from exchange transactions amounting to Kshs.7,132,438. However, no evidence was provided to show that the Hospital prepared quarterly revenue reports and submitted the same to the County Treasury with a copy to the Auditor-General as specified by Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Revenue Safeguards and Controls

During the audit, it was noted that there was no segregation of duties in revenue collection. The same staff receiving revenue, issue receipts and banks the revenue contrary to Regulation 63(1(a)) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating to their County departments or agencies.

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

3. Deficiencies in Implementation of Universal Health Coverage

Review of records revealed that the Hospital had staff shortages recommended to implement Universal Health Coverage as per the check list designed for Level 4 Hospitals as detailed in the table below:

Staff Requirement	Recommended Number	Available Staff	Variance	%
Medical Officers	16	0	16	100
Anesthesiologist	2	0	0	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Clinical Officers	30	0	30	100
Kenya Registered Community Health Nurses	75	8	67	89
KECN Nurses	6	0	6	100
BSN Nurses		6	(6)	100

Further, the Hospital lacked the equipment as listed in the table below:

Requirement	Recommended Number	Available Number	Variance	Percentage
Beds	150	36	114	76
Resuscitative (2 in Labour Ward, 1 in Theatre)	3	1	2	67
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	2	3	60
Functional Intensive Care Unit Beds	6	0	6	100
Functional High Dependency Unit Beds	6	0	6	100
Dialysis Machines	5	0	5	100
Operational Theatres, Maternity and General	2	0	0	100

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

In the circumstances, the under-staffing and inadequate equipment may have negatively affected service delivery to the public.

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance, 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 Policy Documents

In the year under review, Management had not established risk management policies, and risk management strategies, which include fraud prevention mechanisms and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the effectiveness of the overall internal controls system and risk management by the Hospital could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

Management is 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 Hospital's activities, financial transactions and information reflected in the financial statements comply with the authorities, which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital's to cease to continue 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's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

20 June, 2024

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022
		KShs
Revenue from non-exchange transactions		
In kind Contributions from the County Government	1	414,665
		414,665
Revenue from exchange transactions		
Rendering of Services	2	-
NHIF Receipt	3	7,132,438
		7,132,438
Total revenue		7,547,103
Expenses		
Medical/Clinical Costs	4	3,124,859
Employee Costs	5	681,000
Repairs & Maintenance	6	484,000
Administration Expenditure	7	1,775,440
Nutrition	8	294,350
Total expenses		6,359,649
Surplus for the period		1,187,454



Chairperson BOM



Admin/Accountant



XI. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021-2022
		KShs
Assets		
Current assets		
Cash and cash equivalents	9	1,136,794
Inventories	10	41,010
Receivables from Exchange Transactions	11	268,095
TOTAL ASSETS		1,445,899
Liabilities		
Trade Payables	12	257,816
Net Assets		
Accumulated Surplus		1,188,083
Total net assets and liabilities		1,445,899



Chairperson BOM



Admin/ Accountant



XII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2020-2021
		Kshs
Cash flows from operating activities		
Revenue from exchange transactions		
Rendering of Services	2a	-
NHIF Receipt	3a	7,132,438
Total Receipts		7,132,438
Payments		
Medical/Clinical Costs	4a	2,710,194
Employee Costs	5a	681,000
Repairs & Maintenance	6	484,000
Administration Expenditure	7a	1,775,440
Nutrition	8	294,350
Total Payments		5,944,984
Cash flows from operating activities		1,187,454
Net increase/(decrease) in cash and cash equivalents		1,187,454
Cash and cash equivalents at 1 JULY 2021		629
Cash and cash equivalents at 30 JUNE		1,136,794



 Chairperson BOM



 Admin/ Accountant




XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Surplus	Total
	Kshs	Kshs
Balance as at 1 July 2021	629	629
Surplus/(deficit) for the period	1,187,454	1,187,454
Balance as at 30 June 2021	1,188,083	1,188,083



 Chairperson BOM



 Admin/ Accountant



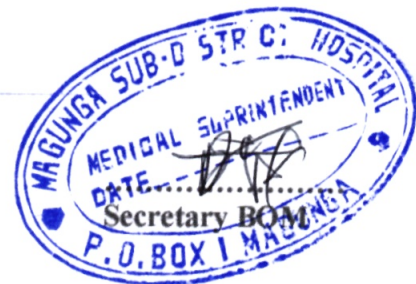
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XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
In kind Contributions from the County Government	1,200,000	-	1,200,000	414,665	785,335	35%
Rendering of Services	400,000		400,000	-	400,000	0%
NHIF Receipt	5,000,000		5,000,000	7,132,438		
Total income	6,600,000	-	6,600,000	7,547,103	1,185,335	114%
Expenses						
Medical/Clinical Costs	3,000,000	-	3,000,000	3,124,859	(124,859)	104%
Employee Costs	1,000,000		1,000,000	681,000	319,000	68%
Repairs & Maintenance	1,000,000		1,000,000	484,000	516,000	48%
Administration Expenditure	1,095,933		1,095,933	1,775,440	(679,507)	162%
Nutrition	504,067		504,067	294,350	209,717	58%
Total expenditure	6,600,000	-	6,600,000	6,359,649	240,351	96%
Surplus for the period	-	-	-	1,187,454		

.....
 Chairperson BOM

.....
 Admin/ Accountant



XV. Notes to the Financial Statements

1. General Information

Magunga Level 4 Hospital was established by the Kenya gazette notice No. 786 and derives its authority and accountability from Public Finance Management Act, 2012. The entity is wholly owned by the County Government of Homabay and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of</p>

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Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44 Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

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

4. Summary of Significant Accounting Policies

a) **Revenue recognition**

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) **Budget information**

The original budget for FY 2021/2022 was approved by the sub county hospital board. No subsequent revisions or additional appropriations were made to the approved budget.

Summary of Significant Accounting Policies (Continued)

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section v of these financial statements.

c) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 of 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 of cost and 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.

Summary of Significant Accounting Policies (Continued)

d) 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.

e) 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 and senior managers.

f) 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.

g) Comparative figures

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

h) 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, 2021.

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. State all judgements, estimates and assumptions made: e.g

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

Magunga Level 4 Hospital (Homabay County Government)
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estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS

1	In kind Contributions from the County Government	
	Description	2021-2022
		Kshs
	Non pharmaceuticals(KEMSA)	17,415
	Medical Drugs & medicine(KEMSA)	397,250
	Total	<u>414,665</u>
2	Rendering of Services	
		2021-2022
		Kshs
	FIF COLLECTION	0
		<u>-</u>
2a	Amount as per Statement of Financial Performance	
	Less Accrued receivables	
	Amount as Statement of Cashflow	<u>-</u>
3	NHIF Receipt	
	Description	2021-2022
		Kshs
	Free Maternity	7,132,438
	Total Revenue	<u>7,132,438</u>
3a	Amount as per Statement of Financial Performance	7,132,438
	Less Accrued receivables	
	Amount as Statement of Cashflow	<u>7,132,438</u>
4	Medical/Clinical Costs	2021-2022
		Kshs
	Cleaning Materials	750,000
	Laboratory chemicals & reagents	920,000
	Pharmaceutical supplies(Drugs)	190,194
	Non-pharmaceuticals	850,000
	In kind/Drugs and non-Pharms	414,665
		<u>3,124,859</u>

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4a.	Amount as per the Statement of Financial Performance	3,124,859
	less: -In-kind Contributions	414,665
	Less:-Accrued Expenses	-
		<u>2,710,194</u>
5	Employee Costs	2021-2022
		Kshs
	Salaries & wages	681,000
		<u>681,000</u>
6	Repairs & Maintenance	2021-2022
		Kshs
	Property-Buildings	330,000
	Medical equipment	154,000
		<u>484,000</u>
7	Administration Expenditure	2021-2022
		Kshs
	Electricity	478,000
	Water & sewerage services	40,000
	Telephone	60,000
	Accommodation-Domestic Travel	289,000
	Boards, committees allowances & seminars	180,000
	Office Furniture	108,000
	General Office Supplies	182,000
	Purchase of medical records	391,000
	Refined fuel & lubricants-for transport	27,000
	Bank Charges	4,440
	Purchase of Computer & Other IT equipment	16,000
		<u>1,775,440</u>
		Kshs
7a	Amount as per Statement of Financial Performance	1,775,440
	Less Accrued	-
	Amount as Statement of Cashflow	<u>1,775,440</u>

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8	Nutrition	2021-2022
		Kshs
	Nutrition	294,350
		<u>294,350</u>
9	Cash and cash equivalents	
	Description	2021-2022
		Kshs
	Current Account	1,136,794
	Cash in Hand	
	Total cash and cash equivalents	<u>1,136,794</u>
10	Inventories	2021-2022
		Kshs
	Pharmaceutical supplies	20,000
	Food supplies	1,500
	Lab Reagents	2,000
	Non-pharmaceuticals	16,100
	Cleaning Material	1,410
		<u>41,010</u>
11	Receivables from Exchange Transactions	2021-2022
		Kshs
	Nhif	268,095
	Total Current Receivables	<u>268,095</u>
12	Trade Payables	2021-2022
		Kshs
	Administrative	257,816
	Clinical costs	-
		<u>257,816</u>

6. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Hospital include those parties who have 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.

County Government of Homabay

The county Government of Homabay is the principal shareholder of the Hospital, holding 100% of the Hospital's net assets interest.

Other related parties include:

- i) The Parent Ministry Health
- ii) Other SCs and SAGAs
- iii) Key management
- iv) Board of directors

7. Events after the Reporting Period

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

8. Ultimate and Holding Entity

The Hospital is a County Corporation under the Ministry of Health Services of Homabay County Government. Its ultimate parent is the Homabay County Government.

9. Currency

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