

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

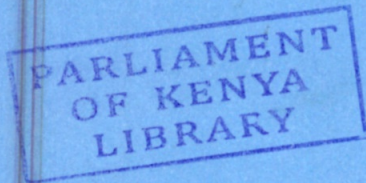
ON

NYATHUNA LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KIAMBU



26/09/24
S.M.L.
A. G. G.



OFFICE OF THE AUDITOR
P.O. Box 300-4 - 00100 NAIROBI
KENYA
REGISTRY

27 JUL 2024

ED

**NYATHUNA LEVEL 4 HOSPITAL
(Kiambu County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30th JUNE, 2023

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
HAO	Health Administrative Officer
HRIO	Health Records Information Officer
NSM	Nursing Services Manager
NHIF	National Health Insurance Fund
NGO	Non-Governmental Organization
USAID	United States Agency for International Development
NORAD	Norwegian Agency for Development Cooperation
AGSP	Ambassadors Girls' Scholarship Program
AED	Academy for Educational Development
CHAK	Christian Health Association of Kenya
CORAT-Africa	Christian Organizations Research Advisory Trust of Africa
KHA	Kenya Health Association
LVCT-Dhibiti	Liverpool Voluntary Counselling and Testing
EGPAF	Elizabeth Glaser Pediatric AIDS Foundation
CWC/MCH	Child Welfare Clinic /Maternal Child Health
ANC & FP	Antenatal Clinic & Family Planning
NCD	Noncommunicable Diseases
MOPC	Medical Out-Patient Clinic
OPD	Out Patient Department
IPSAS	International Public Sector Accounting Standards
FY	Financial Year
SCMOH	Sub County Medical Officer of Health
CEO	Chief Executive Officer

2. **Key Entity Information and Management**

(a) **Background information**

Nyathuna Hospital is a level 4 hospital established under gazette notice 6 supplement number 3 dated 25th Jan 2017 and is domiciled in Kiambu County. The hospital is governed by a Board of Management and Hospital Management Team.

(b) **Principal Activities**

The mandate of the hospital is to promote and participate in provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all. The vision - an efficient and high-quality health care system that is accessible, equitable and affordable.

(c) **Key Management**

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

- Kiambu County department of health
- Nyathuna Hospital Board of Management
- Medical officer in charge - (Accounting Officer/ CEO)
- Hospital Management Team

(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 Officer in Charge	Dr Mary Wambui Njoroge
2.	Nursing services Manager	Grace Wairimu Thiong'o
3.	Accountant	Jedidah Wambui Njogu
4.	Procurement Officer	Eunice Muthoni Ndonga
5.	Pharmacy in Charge	James Kiarie Kiboi
6.	Nutritionist	Linet Wanjiru Warui
7.	Laboratory in Charge	Philip Githongo Kahunga

No.	Designation	Name
8.	Clinician in Charge	Esther Wamuyu Baragu
9.	Hospital Sanitation in-Charge	Franklin Mwangi Manjari

(e) **Fiduciary Oversight Arrangements**

- Hospital Board
- Finance and General Purposes Board Sub-Committee
- Hospital Management Committee
- Procurement Committee
- Medicine and Therapeutic Committee
- Corruption and Advisory Committee

(f) **Entity Headquarters**

P.O Box 160 Ngecha, Kenya

(g) **Entity Contacts**

Telephone: (254) 745521153

E-mail: sdnyathuna@gmail.com

(h) **Entity Bankers**

Kenya Commercial Bank (Operations Account)	1157590187
Kenya Commercial Bank (NHIF collection account)	1263471145
Family Bank (Mpesa Collection Paybill No. 7146451)	001000053770

(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

P.O. Box.2344-00900
Kiambu, Kenya




3. The Board of Management

<p>1. Charles Mburu Wainaina</p> 	<p><u>Position:</u> Hospital Board Chairperson</p> <p><u>Date of Birth-</u> 30th January 1948</p> <p><u>Key Qualifications and Work Experience</u> Education: GCE ordinary level 1970-1980- Kenya Post and Telecommunication accounts clerk 1987-provincial administration assistant chief 1995- chief grade 2 1998-chief grade 1 2000- retired 2009-2011- Nyathuna health centre committee member then chairman from 2012-2014</p>
<p>2. Godfrey Muchai Njenga</p> 	<p><u>Position:</u> Hospital Board Member</p> <p><u>Date of Birth-</u> 24th March 1967</p> <p><u>Key Qualifications and Work Experience</u> Education 1981, O-Level 1985 work- self-employed local farmer and driver</p>




<p>3. Esther Wairimu Mbiyu</p> 	<p><u>Position:</u> Hospital Board Member, chairperson finance and general purposes sub-committee</p> <p><u>Date of Birth-</u> 9th October 1953</p> <p><u>Key Qualifications</u></p> <p>O-level 1971 Diploma in physiotherapy BA in psychology MSc in management and organisational development</p> <p><u>Work Experience</u></p> <p>various assignments with NGOs- USAID, NORAD, AGSP, AED-ASP, KHA, CORAT-Africa, CHAK 1975-1979- Physiotherapist at Ministry of Health - KNH and Coast General Hospitals</p>
<p>4. James Mbatia Thirikwa</p> 	<p><u>Position:</u> Hospital Board Member</p> <p><u>Date of birth-</u> 5th August 1958</p> <p><u>Key Qualifications</u></p> <p>1978-EAEC 1981-1983-Primary certificate and certificate in literacy and adult education 2000-diploma in education</p> <p><u>Work Experience</u></p> <p>1983-1984-Rironi primary school teacher 1984-2010-Limuru town school teacher</p>




<p>5. Dr Mary Wambui Njoroge</p> 	<p><u>Position:</u> Secretary to the board</p> <p><u>Date of birth-</u> 17th December 1985</p> <p><u>key qualifications</u> 2012-MBChB Medicine and surgery</p> <p><u>work experience</u> 2013-2014- Kiambu level 4 hospital intern then MO 2014-2019- MO in charge Kihara level 4 hospital and Kiambaa SCMOH 2019-2020- MO in charge Lusigetti level 4and Kikuyu SCMOH 2021-jan 2022-MO in charge Karuri level 4 hospital and Kiambaa Subcounty Medical Officer of Health (SCMOH)</p>
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4. Key Management Team

<p>Dr Mary Wambui Njoroge</p> 	<p><u>Date of birth</u>- 17th December 1985</p> <p>Medical officer in charge</p> <p>MBChB Medicine and surgery</p> <p>Duties</p> <ul style="list-style-type: none"> - chairperson of HMT and other committees -secretary of hospital board - oversee and give clinical services as medical officer -oversee daily functions of all departments of the facility -authorise payments as per budget and as a signatory of facility accounts
<p>Grace Wairimu Thiong'o</p> 	<p>Date of birth 14TH April 1982</p> <p>Nursing services manager</p> <p>Diploma in registered community health nursing (KRCHN)</p> <p>Duties</p> <ul style="list-style-type: none"> -coordinate and oversee nursing services in the facility and various departments -allocation of duties to staff in nursing and support staff - oversee and give nursing services as a nurse
<p>Eunice Muthoni Ndonga</p> 	<p>Date of birth 14TH April 1990</p> <p>Senior Supply-chain Management Officer</p> <p>Diploma in Purchasing and Supply Management</p> <p>Duties</p> <ul style="list-style-type: none"> -coordinate all procurement activities in the facility -invite timely quotations timely so as to coordinate quarterly purchases -to organise disposal activities of idle and surplus stores to manage inventory activities

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<p>Jedidah Wambui Njogu</p> 	<p>Date of birth 27TH June 1989</p> <p>Accountant in charge</p> <p>Duties</p> <ul style="list-style-type: none"> - Preparation Revenue Report on monthly basis -Expenditure analysis through monthly bank reconciliation -Ensure optimal utilization of Budget issued through AIES - Preparation of Quarterly and Annual Financial Report.
<p>James Kiarie Kiboi</p> 	<p>Date of birth 14TH November 1987</p> <p>Pharmacy in Charge (Pharmaceutical technologist II)</p> <p>Diploma in Pharmaceutical technologist</p> <p>Duties</p> <ul style="list-style-type: none"> -Coordinate and oversee running and operations of the pharmacy department. -Making pharmacy commodities orders. -pharmacovigilance reports -Allocation of duties to pharmacy staff.
<p>Philip Githongo Kahunga</p> 	<p>Date of birth 29th March 1985</p> <p>Laboratory In Charge</p> <p>medical laboratory technologist 2</p> <p>Duties</p> <ul style="list-style-type: none"> -coordinate all services in the laboratory, including reagents stock control and equipment care - perform lab tests on clients at facility -infection control and disease surveillance at facility - prepare monthly laboratory reports

<p>Franklin Mwangi Manjari</p> 	<p>Date of birth 5th July 1994</p> <p>Hospital Sanitation in Charge & Public Health Officer</p> <p>Duties</p> <ul style="list-style-type: none"> - Reduce health risks arising from inadequate sanitation and hygiene, poor housing and environmental pollution, and ensure work place safety - Protect consumers' health by ensuring that food and water safety. - Ensure control of all disease vectors and vermin in vessels, households and the environment in line with CAP 242. - Ensure sanitation and hygiene standards are maintained and Kenya National Infection Prevention and Control policy guidelines and measures are implemented in health facilities.
<p>Linnet Warui</p> 	<p>Date of birth 23rd August 1993</p> <p>Nutrition technologist 3</p> <p>Diploma nutrition and health</p> <p>Duties</p> <ul style="list-style-type: none"> - stock control of nutrition supplements - management of kitchen services and commodities at facility - children's growth monitoring - nutrition counselling to patients
<p>Esther Baragu</p> 	<p>Date of birth- 2nd December 1981</p> <p>Clinical officer in charge</p> <p>Diploma in Clinical Medicine and community health</p> <p>Duties</p> <ul style="list-style-type: none"> - allocation of clinical officer duties - Coordination and monthly reporting of clinical services in the OPD - Give clinical services in the facility as a Clinical officer report and surveillance of infection prevention procedures

5. Chairman's Statement

The board of management of Nyathuna level 4 hospital continue to operate and work closely with the capable hospital management team led by the Medical Superintendent Dr Wambui.

The facility remains almost the same as the previous year, despite one or two changes from the county government, such as the repair of the facility borehole which is now working, having been rehabilitated.

The KPLC, through the intervention of their senior rural management, have also provided great assistance in regards to power disruptions and repair of transformer supplying power to the borehole unit. Special thanks to the Kikuyu Water Company for their assistance to avert water shortage during this episode.

The issue of medication is well addressed as the facility is well supplied with essential drugs.

The board's three sub-committees of finance, human resource and facility improvement have been working and are functional. The board continues to submit recommendations and proposals on behalf of the facility and waits on response from the Kiambu County Government.

Challenges

We have experienced a hard and difficult year; the issue of staff shortage grows every day.

Proposals and Recommendations

It is the board's proposal and recommendation that when funds are available, the facility will require the following:

- Building of wards,
- Surgical theatre,
- X-ray machine,
- Burning chamber /incinerator,
- Renovation of the facility, especially the ceilings, and
- Furniture for patients and staff

Way Forward

We would like to see a level 4 hospital fully equipped as this is our mission, to enable us to compete with the private facilities around.

Finally, it is my humble request to the Chief Medical Officer of Health and the Health Minister to please visit the facility.

Signed 

CHARLES MBURU WAINAINA

CHAIRMAN

6. Report of the Medical Superintendent

The following is a report regarding the issues affecting the facility, its challenges and achievements during the financial year, labelled under the pillars of health.

Health information systems-

The facility uses an EMR system (check health information system) to enable registering and recording client treatment data, as well as financial records of payments made by clients. Use of the system had been suspended before due to equipment breakdown; the thermal receipt printer and computers, and is dependent on the first on contact patient registration by the available cashier and diligence of medical personnel to record relevant patient data. Frequent power outages also affect data quality.

Also, the system requires updating and repairs, owing to errors particularly in the pharmacy billing and stock management functions. The proprietor of the system is unavailable and non-responsive when contacted. We await the new system recently proposed by the county government.

The only other record available is shorthand of client name, diagnosis and treatment entered in physical MOH 705A and 705B books as well as re-introduced night reports.

The comprehensive care department (CCC) initially depended on physical file records, but was provided further ICT equipment (tablets) to enter and attain data in the nationwide Electronic Medical Record (EMR) system. This helps counter the challenge of following up on migrating clients and treatment defaulters.

The Nutrition and nursing- CWC/MCH department also often lacks reporting tools.

Frequent sub-county administration supervisions assist in highlighting and providing solutions to these challenges.

Medical products, vaccines and technologies

Challenges

lack of adult weighing machines, supplements for undernourished children and adults, antenatal and lactating mothers, alternative food regimens for diabetics and HIV and TB clients.

Shortage in supply of non-pharmaceuticals, e.g., both clean and sterile surgical gloves due to pending bills and increase of commodity costs in the market.

The facility relies on the transport of vaccines and county provided commodities by Kabete sub-county and other level 4-5 vehicles, which may be delayed as they are used in their own facilities or lack fuel.

Achievements

There has been an adequate supply of essential medication, lab and non-pharm commodities for most of 2023, with less stock-outs of other supplies.

Increase in the number of under 5 clients for growth monitoring and free Vitamin A and deworming supplementation.

A good uptake of the re-introduced Rotavirus vaccine has drawn mothers to the child welfare clinic and improved attendance.

Human Resources

The facility has been subject to loss of personnel, in the nursing, clinician and support staff departments, owing to retirement, abscondment, county postings and deaths with replacements not provided. This has placed a strain on the remaining personnel not able to cover all departments adequately within the required 24-hour coverage period. The personnel are also often forced to forgo their annual leaves, particularly in the revenue, pharmacy (one personnel recently deceased), laboratory and clinician departments, as facility finances are inadequate or unremitted to pay for temporary locum services. The sub-county management also are unable to provide county hired staff from other facilities to cover these gaps, owing to a corresponding HR challenge in their quarter.

Currently, the nurses are 9 in number, with one under recurrent mental-medical admissions, and another senior nurse due to retire this year. Also, long term casual/contractual engagements with delays in wages to both county and hospital engaged staff, is causing demotivation.

Personnel cadre	2021-2022	2022-2023
medical officer	1	1

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Nurses	9	8
Clinicians	3	3
Laboratory	1	1
Pharmacy	2	1
support staff	3	2
contracted casuals	4	4
Nutritionist	1	1
HAO	0	0
revenue officer/cashier	2	1
Accountant	1	1
procurement officer	1	2
ICT officer	1	1
HRIO	0	0

Service Delivery

The facility provides services in the following departments:

1. General outpatient
2. Casualty/injection room
3. Maternity inpatient
4. MCH-CWC and family planning
5. VCT, CCC & TB clinics
6. Pharmacy
7. Laboratory
8. NCD-MOPC clinic

9. Occupational therapy- (free partner supported service)
10. Others- cervical cancer screening, COVID-19 screening and vaccination, and HPV vaccination

Challenges

There are referral system delays due to long waiting times for EMS ambulances or county vehicles from other facilities, with resultant increase in patient morbidity and mortality. Referrals are also challenging when the higher-level facilities nearby are overwhelmed and unable to take on emergencies. This factor has been noted to reduce maternity inpatient numbers, as clientele opt to visit facilities with an available theatre.

The facility also lacks inpatient staffing and wards to accommodate severe cases requiring such services.

24-hour services are not available at revenue, pharmacy and laboratory departments, that is on weekends and nights.

The open waiting bay combined with extremely cold weather also discourages clientele attendance, as well as transport challenges affecting travellers from Gikuni and Ruku.

Achievements

Linda Mama NHIF program is available to both Antenatal Clinic (ANC), postnatal and maternity mothers and their babies.

The facility has done several outreaches in polio, Human Papilloma Virus (HPV) and COVID-19 vaccination as well as involved in free COVID-19 screening.

Health financing

Achievement

Linda Mama NHIF program is available to both ANC, postnatal and maternity mothers and their babies. However, for part of the year, it was limited to clients with IDs for over 18 years and birth certificates for under 18 mothers. The NHIF restructured their policy to allow guardian ID in place for birth certificates.

NHIF biometric system is now implemented with compatible ICT equipment, and enabled the facility to provide the service to regular capitated patients and secondary school students under the Edu Afya scheme.

Challenge

The facility has had only one cashier since January 2023 countywide re-postings, hence no 24 hour or weekend coverage. The clinicians on duty were therefore instructed to provide services at a reduced standard consultation rate of Ksh. 50 for all new (registration fee is Ksh. 100) and revisiting clients as well as provide a limited range of medication. The lack of lab and pharmacy services at those times also discouraged patient attendance.

MPESA payments mode is still resisted by clientele owing to Fuliza debts, lack of phones or knowledge on use of the devices or application.

Services at night also have reduced patient numbers and several patients are unable to or decline to pay.

Delays in financial reimbursements and increasing pending bills has discouraged suppliers from engaging with the facility.

Infrastructure

The facility is in a state of disrepair, with a great need of a general renovation, including signage, removal of asbestos roofing, repair of ceilings damaged by pests (termites and rodents), floors, windows, cabinets, locks and doors.

Waste disposal challenges owing to lack of burning chamber /incineration services.

The open waiting bay combined with extremely cold weather of the region is uninviting to patients. The county government have communicated that procurement processes for rehabilitation of the facility are underway. The financial intervention of county through the Chief Officer of Health also alleviated a challenge in repair of the facility's borehole that had resulted in a water shortage for part of the year.

Leadership and governance

Challenges

The facility recently lost a member of the hospital board and the gazetted replacement never availed himself.

Lack of HAO, deputy NSM and HRIO.

The HAO is required in several committees and is key in HR and financial management.

A lack of HRIO provides a challenge in Health information systems and data management.

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The facility currently doesn't have an officially assigned deputy NSM. The former deputy NSM assisted the lead nurse in data management, non-pharmaceutical and vaccine management as well as nursing duties and nursing HR management, when the senior is not available.

Achievement

The county government instituted hospital board is active in community engagement and facility oversight with an aim of improving the facility.

.....
Name *Mary Nambui*
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

Pillar 1: Health financing

Pillar 2: Service Delivery

Nyathuna level 4 Hospital develops its annual work plans based on the above pillar.

Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. It achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health Financing	Eliminate Communicable conditions Eliminate Non Communicable conditions -	-Average cost per discharge -Average length of stay - Bed Turnover	-Immunization - Child health - Screening for communicable conditions - Antenatal Care - Prevention of mother to child HIV transmission -Integrated Vector management - Good hygiene practices - HIV and STI prevention Control and prevention of neglected tropical diseases	-Reduction in mortality and morbidity rates from 10% - Reduction in number HIV prevalence. - Reduction in the NCD complications

			<ul style="list-style-type: none"> - Health promotion and education for NCD - Institutional Screening for NCD's - Workplace Health & Safety - Food quality & Safety - Health Promotion and education on violence / injuries - OPD/Accident and Emergency Management for injuries 	
Service Delivery	Provide essential Medical services	<ul style="list-style-type: none"> -Average waiting time -Medical equipment utilization 	<ul style="list-style-type: none"> General Outpatient - Integrated MCH / Family Planning services - Accident and Emergency - Emergency life support - Maternity - Newborn services - Reproductive health - In Patient services 	<ul style="list-style-type: none"> -Increase in the number of deliveries -Reduction of waiting times for patients. - Diversification of tests done at the laboratory

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			- Clinical Laboratory - Specialized laboratory - Pharmaceutical - Specialized clinics - Comprehensive youth friendly services	
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8. Corporate Governance Statement

The board has held 3 meetings in the last financial year, with attendance by all board members as well as NSM and accountant. The remuneration of some board attendance fees for these sittings are still pending. The members are to offer oversight role in terms of finance and general operations. If chair is absent the vice chair can conduct the meeting.

The hospital board was appointed (under gazette notice of 16th April 2021) and its appointment and duties are guided by the Kiambu county health services act 2019 as follows:

- (1) The Executive Member shall appoint a Board for a level four and above hospital, comprising of—
 - (a) a chairperson, who shall not be a staff of the County Government with a minimum of a diploma;
 - (b) the hospital superintendent who shall be the secretary;
 - (c) four residents of the sub-county in which the hospital is located who have attained basic level education considering gender parity and special interest groups.
- (2) The Board may co-opt any person with relevant expertise necessary to assist the Board determine a matter before it.
- (3) A person shall not be appointed as a Chairperson of a Board unless that person—
 - (a) is a Kenyan;
 - (b) possesses at least a diploma from an institution recognized in Kenya;
 - (c) has experience in management, leadership or administration; and
 - (d) meets the requirements Chapter six of the Constitution.
- (4) The Members of the Board, other than the *ex-official* Member, shall serve for a term of three years which term may be renewed once.

Roles and Functions of The Board

- (5) The Board shall—
 - (a) provide oversight over the general administration of the hospital;
 - (b) promote the development of the hospital;
 - (c) recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital;
 - (d) recommend to the Executive Member budget estimates;
 - (e) establishing a hospital-community participation and feedback platform;

- (f) assessing the delivery of services at the hospital and advice the Executive Member;
 - (g) monitoring the hospitals performance against set targets and advice the Executive Member; and
 - (h) carrying out any other function that may assigned by the Executive Member.
- (6) The Executive Member may by Regulations prescribe the conduct of business of the Board.

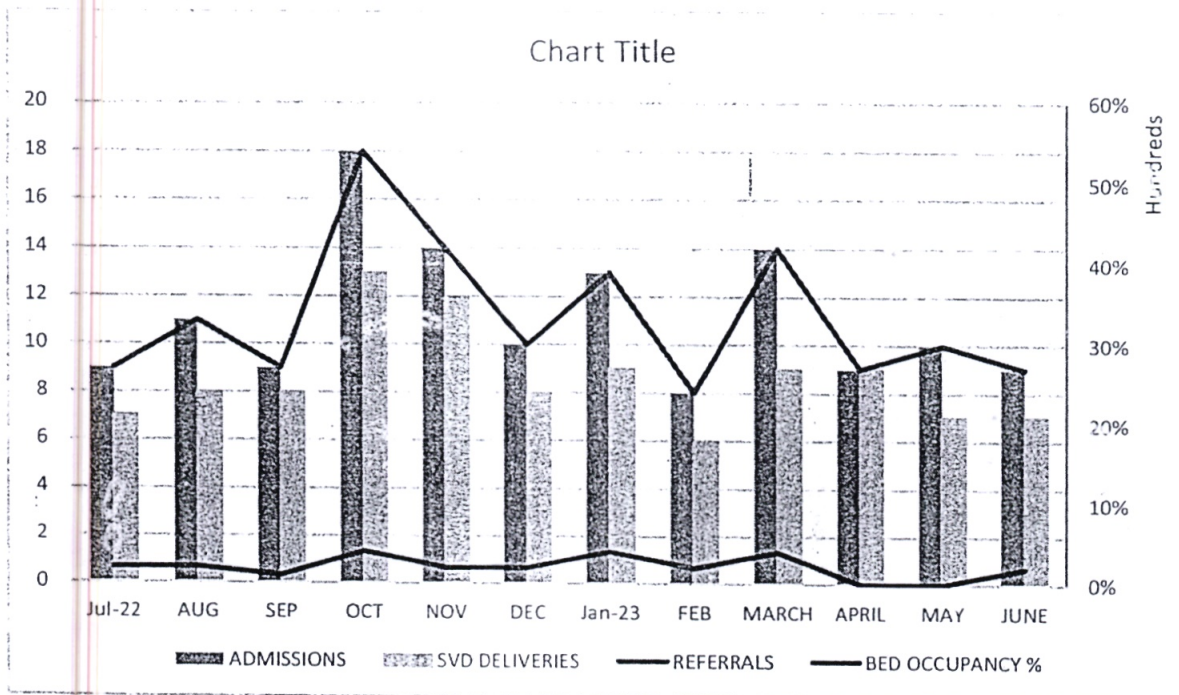
Ethics and Conduct

- (7) The Executive Member may remove from office any member of the Board who—
- (a) has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
 - (b) is adjudged bankrupt;
 - (c) is unable to discharge his or her duties due to physical or mental incapacity;
 - (d) violates or is suspected of violating the provisions of Chapter six of the Constitution; or
 - (e) is charged with a criminal offence in court of law or a traffic offence attracting an imprisonment term of a minimum of six months.

9. Management Discussion and Analysis

Clinical/operational performance

Bed capacity of the hospital- the facility currently has 10 beds in the maternity ward.



Overall patient attendance during the year for both inpatient and out patient

The year 2022-2023 had a total outpatient attendance 21,568 of with a monthly average of 1800 patients, 3624 at specialized clinics, 10,938 general OPD attendance and 7006 at MCH&FP.

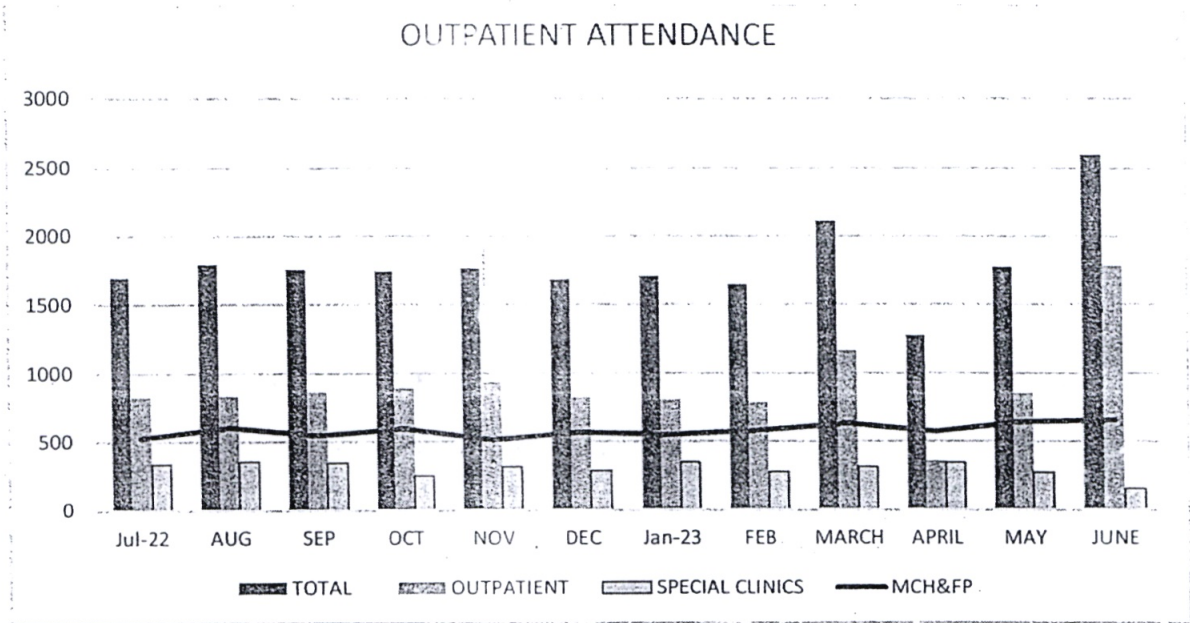
Total admissions were 147 with 27 referrals and 114 deliveries.

The facility doesn't have a theatre.

Average length of stay for in patient is 24 hours.

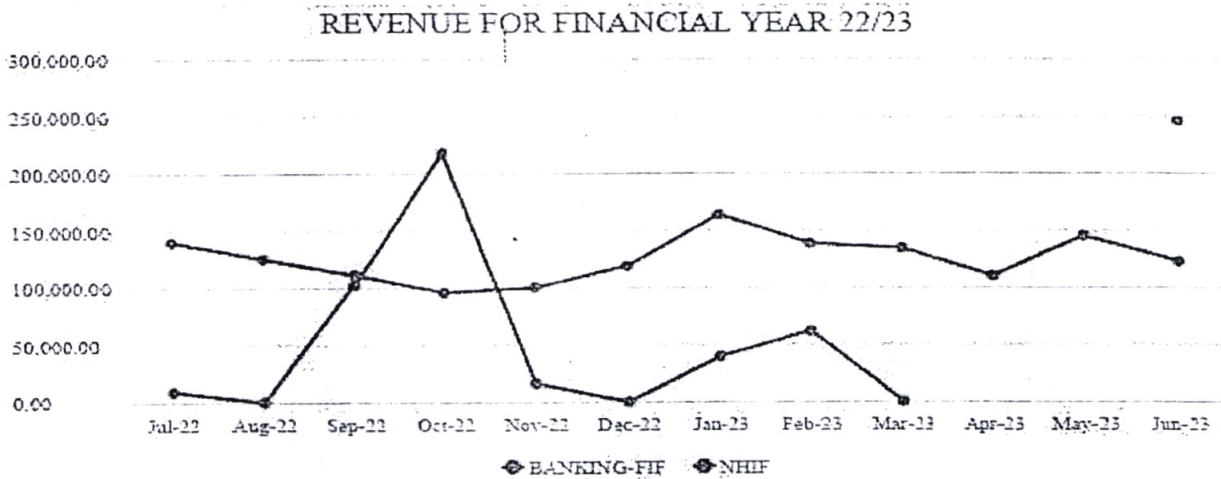
Sponsorship and partners

The facility was initially partnered with CRISSP then later on the LVCT - Thibiti programme who engage in support for HIV activities and EGPAF who support COVID-19 screening, testing and patient follow-up.

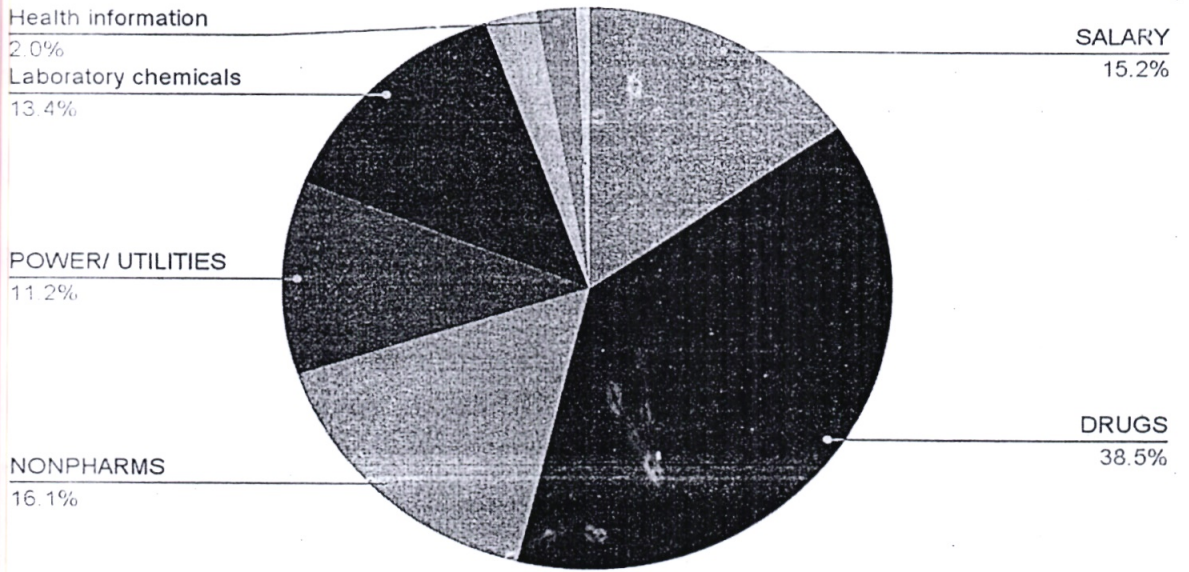


Financial performance that includes revenue sources, utilisation of funds

The facility relies on revenue from FIF- patient payments via MPESA and NHIF under the LINDA MAMA, patient NHIF capitation and secondary school Edu-Afya programme.



FIF UTILIZATION



.....
Name *Mary Wambui*
Secretary to the Board

10. Environmental and Sustainability Reporting

Nyathuna level 4 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.

i) Sustainability strategy and profile

Sustainability prompts us to think in terms of the future and using global perspective, recognising the connections between economy, society and ecology. The concept carries the aim of improving quality of life for people and communities across the globe, whilst protecting the natural systems upon which life depends. We support 17 Sustainable Development Goals adopted by UN Member States in Transforming our world: the 2030 Agenda for Sustainable Development. It reflects the commitment behind the Global Goals to make further advances on social progress, economic growth and environmental protection, balancing the three pillars of sustainable development. We have engaged in Community Dialogues to sensitise the community on the services we offer and any feedback that they provide is key to improving our services. Continuous ploughing of the Fif back into the facility has also been key in planning and sustaining the activities of the hospital

ii) Environmental performance

We intend to have a burning chamber which we utilise in burning waste the ones that are put in the black yellow and red bags. Due to lack of incinerator, we don't burn sharps but take them to Kiambu Hospital Incinerator

iii) Employee welfare

Hiring is on basis of competitive and fair recruitment looking out for Gender balance and following all applicable laws of the land with regards to employment. Workers are provided with Personal Protective Equipment (PPE) and other protective materials to minimize exposure and injury at the Hospital. The hospital is OSHA (Occupational Safety and Health Act of 2007) compliant.

iv) **Market place practices**

The organisation should outline its efforts to:

- a) Responsible competition practice. Procurement processes are done competitively and fairly offering opportunity to all people groups. Nyathuna level 4 Hospital follows to the latter PFM and Public Procurement and Asset Disposal Act
- b) Responsible Supply chain and supplier relations Nyathuna level 4 Hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices. Put in place guidelines to offer equal business opportunities.
- c) Responsible marketing and advertisement We maintain ethical marketing practices and a culture of Transparency. Protection of data, commitment to sustainability and human rights
- d) Product stewardship. Set laws and acts in safeguarding its consumers

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

Conduct community outreaches. Like medical camps in the surrounding Nyathuna area where we reach out to special groups like patients with special needs and PLWD.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the hospital's affairs.

Principal activities

The principal activities of Nyathuna level 4 Hospital are to promote and participate in provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all.

Results

The results of the entity for the year ended June 30 are set out on page 1 to

Board Of Management

The members of the Board who served during the year are shown on page VII to XII. Dr Mary Wambui was appointed MOIC/CEO/Secretary of Board with effect from 17 Jan 2022.

Auditors

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


.....
Name *MARY WAMBUI*

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and Kiambu county health Act 2019 requires the Board of Management to prepare financial statements in respect of Nyathuna level 4 Hospital, which give a true and fair view of the state of affairs of the facility at the end of the financial year/period and the operating results of the facility for that year/period. The Board of Management is also required to ensure that the facility keeps proper accounting records which disclose with reasonable accuracy the financial position of the facility. The council members are also responsible for safeguarding the assets of the facility.



The Board of Management is responsible for the preparation and presentation of the Nyathuna level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the facility 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 facility; (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 facility 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 Kiambu County Health Services Act 2019. The Board members are of the opinion that the facility's financial statements give a true and fair view of the state of facility transactions during the financial year ended June 30, 2023 and of the facility financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the facility, which have been relied upon in the preparation of the facility financial statements as well as the adequacy of the systems of internal financial control.

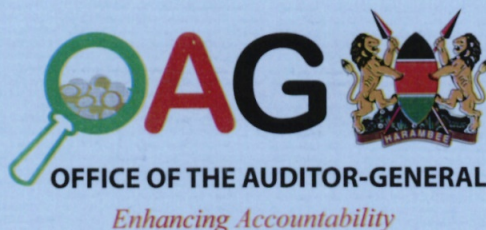
Nothing has come to the attention of the Board of management to indicate that the facility will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 15/08/2024
and signed on its behalf by:

	
.....	
Name: <i>Charles M. Mwangi</i>	Name: <i>Priscilla Nambui</i>
Chairperson Board of Management	Accounting Officer

REPUBLIC OF KENYA



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

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

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

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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An 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 Nyathuna Level 4 Hospital – County Government of Kiambu set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

Report of the Auditor-General on Nyathuna Level 4 Hospital for the year ended 30 June, 2023-County Government of Kiambu

of budget and actual amounts for the year the 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 Nyathuna Level 4 Hospital – County Government of Kiambu 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, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure of Employee Costs Paid In-Kind

The statement of financial performance as disclosed in Note 7 to the financial statements reflects in-kind contributions from the County Government of Kshs.200,000. The Hospital received services from ten (10) medical staff employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of the amount of Kshs.200,000 in respect of in-kind contributions from the County Government could not be confirmed.

2. Variances in the Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.264,700. The balance is in respect of outstanding claims totalling Kshs.264,700 while the NHIF data reflects the amount owed to Nyathuna Level 4 Hospital as Kshs.696,450 resulting to unexplained variance of Kshs.431,750.

In the circumstances, the accuracy, completeness and recoverability of the receivables from non-exchange transactions balance of Kshs.264,700 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment 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 Nil property, plant and equipment balance could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.10,000,000 and Kshs.2,415,120 resulting to an underfunding of Kshs.7,584,880 76% of the budget. However, the Hospital spent Kshs.1,780,880 against actual receipts of Kshs.2,415,120 resulting to an under-utilization of Kshs.634,240 or 26% of the receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. 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 Qualified Opinion, 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. Non-Compliance with Universal Health Coverage (UHC) Requirements

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 ninety-one (91) staff requirements or 90% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	9	66	88
Total	101	10	91	90

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 (%)
Bed Capacity	150	9	141	94
Incubators (Newborn)	5	1	4	80
Resuscitative in Theatre	1	0	1	100
Resuscitative in Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theaters Maternity and General	2	0	2	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.

2. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services-medical services income of Kshs.1,521,220 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account. This was contrary to Section 81(1-3) of the Public Finance and Management (County Governments) Regulations 2015.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 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 internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weak Internal Controls on Management of Pharmaceutical supplies

Review of the management of pharmaceuticals and non-pharmaceuticals revealed that the deliveries to the Hospital stores between July, 2022 to June, 2023 shows they were received without the involvement of an inspection and acceptance committee. Further, the Hospital dispatched pharmaceuticals of an unknown value to Wangige, Tigonu and Kihara Sub-County Hospitals without any authority or internal policies regarding inter-hospital borrowing of pharmaceuticals.

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

2. Ineffective Governance by the Board of Management

Review of the statement of financial performance reflects Board of Management expenses totalling Kshs.43,500. However, during the year under review, the Board operated without an approved annual Board work plan and calendar contrary to Section 1.1.1 of Mwongozo Code of Governance. Further, from the review of Board of Management records, two meetings were held during the year without an approved workplan to support the meetings.

In the circumstances, the effectiveness of the Hospital's oversight and governance could not be confirmed.

3. Lack of a Risk Management Policy

During the year under review, Management did not have in place a risk management policy contrary to Section 158(1) of the Public Finance Management County Governments Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.

4. Failure to Maintain a Fixed Asset Register

The statement of financial position and Note 31 to the financial statements reflects a Nil balance for the property, plant and equipment. Review of the assets records indicated that the Hospital owns land and buildings, office furniture and other Hospital equipment such as incubator, baby cots and labour ward resuscitators of undetermined value. However, the Hospital did not maintain a fixed asset register.

In the circumstances, the adequacy of the controls on assets could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 the Management and the Hospital Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to 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 activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control 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 control.
- 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 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 sustain its services.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 July, 2024

Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	200,000	25,326,460
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		200,000	25,326,460
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	1,521,220	1,660,118
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions			
Total revenue		1,721,220	26,986,578
Expenses			
Medical/Clinical costs	15	378,332	3,065,610
Employee costs	16	810,016	23,367,190
Board of Management Expenses	17	43,500	28,500
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	221,300	-
Grants and subsidies	20	443,024	-
General expenses	21	327,012	216,448
Finance costs	22	-	-
Total expenses		2,223,184	26,677,748
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-


Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Not e	2022/2023	2021/2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	693,900	742,250
Impairment loss	26	(-)	(-)
Gain on foreign exchange transactions		-	-
Total other gains/(losses)-nhif		693,900	742,250
Net Surplus / (Deficit) for the year		191,936	1,051,080

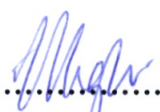
The Hospital's financial statements were approved by the Board on 15/08/2024
and signed on its behalf by:


.....
Chairman

Board of Management


.....
Head of Finance

ICPAK No: 20040


.....
Medical Superintendent

Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


15. Statement of Financial Position As At 30 June 2023


		2022/2023	2021/2022
Assets			
Current assets			
Cash and cash equivalents	27	262,056	-
Receivables from exchange transactions	28	-	1,428,409
Receivables from non-exchange transactions	29	264,700	-
Inventories	30	1,028,295	-
Total Current Assets		1,555,051	1,428,409
Non-current assets			
Property, plant, and equipment	31	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		-	-
Total assets		1,555,051	1,428,409
Liabilities			
Current liabilities			
Trade and other payables	34	1,363,115	1,318,625
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		1,363,115	1,318,625
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41	-	-

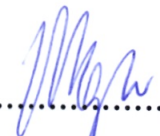
Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Total Non-current liabilities		-	-
Total Liabilities		1,363,115	1,318,625
Net assets			
Revaluation reserve		-	-
Accumulated surplus/Deficit		191,936	1,051,080
Capital Fund		-	-
		191,936	1,051,080
Total Net Assets and Liabilities		1,555,051	2,369,705

The Hospital's financial statements were approved by the Board on 15/08/2024
and signed on its behalf by:


Chairman
Board of
Management


Head of Finance
ICPAK No:20040


Medical Superintendent

Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Revenue	Accumulated Surplus/Deficit	Transfer	Balance
As at July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,051,080	-	1,051,080
Capital/Development grants	-	-	-	-
As at June 30, 2022	-	1,051,080	-	1,051,080
At July 1, 2022	-	1,051,080	-	1,051,080
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	191,936	-	191,936
Capital/Development grants	-	-	-	-
At June 30, 2023	-	1,243,016	-	1,243,016

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		200,000	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		1,880,504	1,117,063
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		2,080,504	1,117,063
Payments			
Medical/Clinical costs		301,912	285,910
Employee costs		951,724	614,606
Board of Management Expenses		28,500	-
Repairs and maintenance		221,300	-
Grants and subsidies		-	-
General expenses		315,012	216,448
Finance costs		-	-
Refunds paid out		-	-
Total Payments		1,818,448	1,117,064
Net cash flows from operating activities	42	262,056	-
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		(-)	(-)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		(-)	(-)
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-

Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		262,056	-
Cash and cash equivalents as at 1 July	27	-	-
Cash and cash equivalents as at 30 June	27	262,056	-

Nyathuna Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance differential	% 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	-	200,000	200,000	200,000	-	100%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	3,936,730	5,863,270	9,800,000	2,215,120	7,584,880	23%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	%
Total income	3,936,730	6,063,270	10,000,000	2,415,120	7,584,880	24%
Expenses						
Medical/Clinical costs	2,089,000	2,803,000	4,892,000	378,332	4,513,668	7.73%
Employee costs	740,330	370,270	1,110,600	810,016	300,584	72.93%
Remuneration of directors	78,000	12,000	90,000	43,500	46,500	48.33%
Repairs and maintenance	165,000	1,085,000	1,250,000	221,300	1,028,700	17.70%
Grants and subsidies	0.00	0.00	0.00	0.00	0.00	%
General expenses	864,400	1,793,000	2,657,400	327,012	2,330,388	12.30%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Surplus for the period	-	-	-	634,960	(634,960)	0%
Capital expenditure	3,936,700	6,063,270	10,000,000	1,780,160	8,219,840	17.80%

Budget notes

Changes between the original and final budget is due to reallocations to meet the requirement for Level 4 Hospitals to have a budget of at least Ksh. 10,000,000

19. Notes to the Financial Statements

1. General Information

Nyathuna Level 4 Hospital entity is established by and derives its authority and accountability from Health Act of 2017. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is health care service.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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.

Standard	Effective date and impact
	<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> <ol style="list-style-type: none"> (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.
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p>Applicable: 1st January 2023</p> <ol style="list-style-type: none"> 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.

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Standard	Effective date and impact
Financial Instruments	<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><i>Applicable 1st January 2023</i></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"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></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</p>

Standard	Effective date and impact
	<p>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>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> 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

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.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board on *2nd September 2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of targets on the FY 2022/2023 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 18 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.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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 26.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

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.

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	200,000	-
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	200,000	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	Comparative Period KShs
Kiambu County Government	200,000	-	-	-	200,000
Total	200,000	-	-	-	200,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Salaries and wages	-	22,606,160
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	2,720,300
Utility bills	-	-
Total grants in kind	-	25,326,460

8. Grants From Donors and Development Partners

Description	2022/2023	2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total grant income in the year	2021/2022
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a) Reconciliations of amortised grants

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. 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 <i>(specify)</i>	1,521,220	1,660,118
Total revenue from the rendering of services	1,521,220	1,660,118

(The Hospital Pay System doesn't categorize the various charges for the services)

12. Revenue From Rent of Facilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

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Notes to the Financial Statements (Continued)

13. Finance /Interest Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous 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	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	-	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	29,853	70,730
Public health activities	-	-
Food and Ration	82,107	87,611
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	149,974	40,500
Pharmaceutical supplies	77,843	2,770,269
Health information stationery	-	-
Reproductive health materials	-	80,000
Sanitary and cleansing Materials	25,480	7,100
Purchase of Medical gases	13,075	9400
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	378,332	3,065,610

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	785,408	23,357,590
Contributions to pension schemes	24,608	9,600
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	810,016	23,367,190

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	25,500	16,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	18,000	12,000
Airtime allowances	-	-
Total	43,500	28,500

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	221,300	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	221,300	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	443,024	-
Total grants and subsidies	443,024	-

(Other grants relates to revenue administration costs).

21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	6,363	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	1,926	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	240,720	155,000
Fuel and Lubricants	-	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	-	33,540
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	17,000	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	9,558	-

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Description	2022/2023	2021/2022
	Kshs	Kshs
Skills development levies	-	-
Telephone and mobile phone services	53,371	27,908
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	327,012	216,448

22. Finance Costs

Description	2022/2023	2021/2022
	KShs	KShs
Borrowings (amortized cost)	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23. 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 (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2022/2023	2021/2022
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2022/2023	2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	693,900	742,250
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	693,900	742,250

26. Impairment Loss

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	262,056	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	262,056	-

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Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1157590187	10,824	-
Kenya Commercial bank	1263471145	239,902	-
Family bank	001000053770	11,330	-
Sub- total		262,056	-
b) On - call deposits			
		-	-
		-	-
		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
		-	-
Sub- total		-	-
d) Others (specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
		-	-
Sub- total		-	-
Grand total		262,056	-

28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables	264,700	132,300
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables	-	-

Analysis of Receivables From Exchange Transactions

Description	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	264,700	100%	132,300	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	2022/2023	2021/2022
Over 3 years	-	%	-	%
Total (a+b)	264,700	100%	132,300	100%

29. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

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30. Inventories

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	430,658	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	597,637	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	(-)	(-)
Total	1,028,295	-

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicle	Furniture, fittings and office equipment	IT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	-	-	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	(-)	-
At 30th June 2023	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 st July 2021	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)	-	(-)
At 30th June 2022	-	-	-	-	-	-	-	-

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Description	Land	Buildings and civil works	Motor vehicles	Furniture fittings and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 1 st July 2022		-	-	-	-	-		-
Depreciation		-	-	-	-	-		-
Disposals		(-)	(-)	(-)	(-)	(-)		(-)
Impairment		(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
At 30 th June 2023		-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2022	-	-	-	-	-	-	-	-
At 30 th Jun 2023	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

32. 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	-	-

33. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (where investment property is at cost)	(-)	(-)
Impairment	(-)	(-)
At end of the year	-	-

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	985,607		866,301	
Employee dues	377,508		452,324	
Third-party payments	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	1,363,115		1,318,625	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	1,363,115	100%	1,318,625	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	1,363,115	100%	1,318,625	100%

35. Refundable Deposits from Customers/Patients

Descriptor	2022/2023		2021/2022	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total deposits	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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Notes to the Financial Statements (Continued)

36. 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	-	-	-	-

37. Finance Lease Obligation

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

38. Deferred Income

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

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

Description	2022/2023	2021/2022
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

41. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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Notes to the Financial Statements (Continued)

42. 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	-	-

Notes to the Financial Statements (Continued)

43. 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	-	-	-	-

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Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from patients. 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 3 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	-	-	-	-

Notes to the Financial Statements (Continued)

(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	Other currencies	Total
	KShs		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.

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Notes to the Financial Statements (Continued)

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
2022			
Euro	10%	-	-
USD	10%	-	-
2023			
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.

Notes to the Financial Statements (Continued)

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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2022: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2023 – KShs 0).

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	-%	-%

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Notes to the Financial Statements (Continued)

44. 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.

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

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to related parties	-	-
Sales of services to related parties	-	-
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	-	-

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	2022/2023	2021/2022
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

45. Segment Information

The hospital doesn't operate in different geographical regions or in departments, hence no allocation of resources to different segments.

46. Contingent Liabilities

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

47. Capital Commitments

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Kiambu.

50. Currency

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

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

.....
Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

[Redacted]						
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)

[Redacted]						
1						
2						
3						

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Appendix III: Inter-Entity Confirmation Letter



COUNTY GOVERNMENT OF KIAMBU, DEPARTMENT OF HEALTH

Nyathuna Level 4 Hospital, P.O BOX 160 Ngecha

Confirmation of amounts received by Nyathuna Level 4 Hospital as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by FIF Fund (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023(E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	2/8/2022	211,572.00			211,572.00	211,572.00	0.00
	25/10/2022	212,787.00			212,787.00	212,787.00	0.00
	15/11/2022	376,500.00			376,500.00	376,500.00	0.00
	06/01/2023	465,028.00			465,028.00	465,028.00	0.00
	17/03/2023	363,385.00			363,385.00	363,385.00	0.00
	24/05/2023	200,000.00			200,000.00	200,000.00	0.00
Total		<u>1,829,272.00</u>			<u>1,829,272.00</u>	<u>1,829,272.00</u>	0.00

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

Head of Accounts Department of the beneficiary entity:

Name JEDIDAH WAMBUI NJUGU Sign [Signature] Date 15/08/2024

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Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Priority Areas	Quarter				Source of Fund	Implementing Partner
				Q1	Q2	Q3	Q4		

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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related activity that require expenditure (response/covers or in a non-preparedness)	Expenditure (Ksh)	Amount (Ksh)	Comments