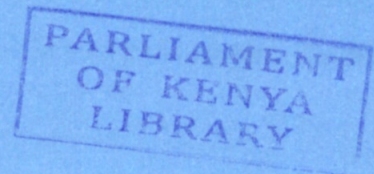


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**OTHAYA SUB-COUNTY LEVEL 4 HOSPITAL
FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF NYERI

PAPERS LAID	
DATE	26.9.2024
TABLED BY	M.L
COMMITTEE	-
CLERK AT THE TABLE	Chenop



OTHAYA SUBCOUNTY HOSPITAL (Level 4)

(Nyeri County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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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
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
FY	Financial Year
PSASB	Public Sector Accounting Standards Board
NHIF	National Health Insurance Fund
PMTCT	Prevention of Mother to Child Transmission
TB	Tuberculosis
HIV/AIDS Syndrome	Human Immunodeficiency Virus / Acquired Immunodeficiency
MCH	Maternal and Child Health
ALOS	Average length of stay
CCC	Comprehensive care Clinic
IPSAS	International Public Sector Accounting Standards
CECM	County Executive Committee Member

2. Key Entity Information and Management

(a) Background information

Othaya Sub County Hospital is a level 4 hospital established under gazette notice number Vol CX-No 65 dated 8th August 2008 and is domiciled in Nyeri County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide preventative and curative health services.

Vision

An efficient and high quality healthcare system that is accessible, equitable and affordable for all.

Mission

To promote and provide quality integrated preventative, promotive, curative, rehabilitative and palliative services to all Nyeri County Residents

(c) Key Management

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

- Nyeri County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- 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 Superintendent	Dr. George Kiongo Maina
2.	Hospital Administrator	Cecilia Wanjiru Gichuki
3.	Head of finance	CPA Miriam Wangechi Ndirangu
4.	Head of supply chain	Timothy Murage Migwi
5.	Nursing Services Manager	Winfred Ndinda Kihagi

(e) Fiduciary Oversight Arrangements

Nyeri County department of internal audit
Auditors from this department visit the hospital every year and conduct an audit on the hospital operations, internal controls, revenue collection, budget implementation and compliance with laws and regulations

County assembly
The county assembly of Nyeri Finance committee meets quarterly and scrutinizes the hospital revenue collection and waivers within the quarter. It is also responsible from approval of hospital user charges.

Key Entity Information and Management

(f) Othaya Sub County Hospital Headquarters

P.O. Box 83-10106
Othaya Town
Along Othaya- Nyeri Highway
OTHAYA, KENYA

(g) Othaya Sub County Hospital Contacts

Telephone: (+254) 775672641/+254738009850
E-mail: othayasdh@yahoo.com

(h) Othaya Sub County Hospital Bankers

Cooperative Bank of Kenya
P.O.BOX 257-10106
OTHAYA

(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 1112-10100
Nyeri, Kenya

3. The Board of Management

	PHOTO	PROFILE
1.	 Mr. Robin Muriuki Ndegwa	Age 50 years, non executive independent board chairperson. Key qualifications: Bachelor of Arts in political science, certificate in accounts for managers, certificate in leadership, certificate in advanced management. Experience: Worked for 13 years in company management position.
2.	 Mrs. Hellen Wanjiru Mwangi	Age 53 years, on executive independent board member. Board vice chairman, Chairman Finance and Audit subcommittee. Key qualifications: Certified Public Accountant Work experience. Worked as an accountant for 24 years.
3.	 Dr. George Kiongo Maina	Age 32 years, executive ex officio-board member Key qualifications: Bachelor in medicine and surgery, PA section 3, certificate in leadership and management, certificate in monitoring and evaluation, certificate in research Work experience: Worked for 6 years as a medical officer
4.	 Mrs. Mirriam Nyaguthii Rukwaro	Age 63 years. Non-executive independent board member. Chair Service delivery subcommittee. Key qualifications: Diploma in clinical medicine, Higher diploma in clinical medicine-paediatrics, Masters in public health-epidemiology, Diploma in project management Work experience: Worked as a clinical officer for 36 years
5.	 Mrs. Nelly Wangari Muiruri	Aged 56 years, non executive alternate board member. Key qualifications: Masters in project management, Bachelor of science in nursing Work experience: Has worked for 30 years
6.	 Mr. Jones Mwinzi Ivuli	Aged 54 years, non executive independent board member. Member of finance subcommittee. Key qualifications: Bachelor of business administration Work experience: worked for 16 years in NHIF
7.	 Mr. Samuel Wataru Ng'ang'a	Age 57 years. non executive independent board member. Key qualification: Bachelor in Biblical studies and community development outreach Work experience. Worked as PEFA Church overseer for 10 years

4. Key Management Team

	Management	Duties
1.	 Dr. George Kiongo Maina Medical Superintendent Bachelor in medicine and surgery	Overseeing overall operations of the hospital in service delivery financing and implementation of programs and activities in the hospital
2.	 Mrs. Cecilia Wanjiru Gichuki Health Administration Officer Diploma in business management, Diploma in Records Management	Overseeing administrative activities in the hospital
3.	 Mr. Timothy Migwi Murage Head of procurement Bachelor of procurement	Overseeing procurement activities and storage of commodities
4.	 CPA Miriam Wangechi Ndirangu Head of finance MBA, Bachelor of Arts Linguistics, Certified Public Accountant	Overseeing financial activities
5.	 Mrs Winfred Ndida Kihagi Nursing services manager Bachelor of science in nursing	Overseeing nursing services in the hospital

5. Chairman's Statement

It is my pleasure to present to you the annual report and financial statements for Othaya Sub County Hospital for the financial year ended 30th June 2023.

During the year 2022-2023 the hospital was steadfast in provision of quality outpatient and inpatient services where a total of 42,454 patients were attending, 40,947 in outpatient department and 1,512 in inpatient department. This represents an increase of 11.8% and signed the hospital return to normal operations after the Covid 19 pandemic effects on operations the previous year.

The hospital raised a total revenue of Kshs 37,246,195 representing an increase of 41.5% from the previous year. This was driven by increase in revenue from the increased number of clients served. Kshs. 29,622,527 was 77.6% of the internally generated funds were utilized by the hospital as per the Nyeri County Health Services Fund Act leading to improved delivery of health services. The hospital also received donations in kind from the county department of health totaling Kshs 13,927,906 and Kshs. 4,000,000 for development.

During the financial year 2022-2023 several projects were undertaken to improve the work environment and the quality of services offered at the hospital and included renovation works in the outpatient department and the maternity ward. The hospital also acquired a biochemistry analyser at a cost of Kshs 2,800,000 an equipment that has enabled the hospital increase the range of laboratory services offered at the facility.

Staff shortage continued to be a major challenge in offering services however the enactment and implementation of the Nyeri County Health services fund Act 2021 and the support from the Nyeri County health department provides an opportunity to overcome this challenge.

The board of management endeavoured to provide strategic leadership and oversight during the year in efforts to make the hospital a model level 4 hospital. Corporate governance principles were upheld and we look forward to deliver the high levels of quality, accessible, affordable and compassionate health care services in the year ahead



A handwritten signature in black ink, appearing to read "R. Muriuki".

Name: Mr. Robin Muriuki Ndegwa

Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present to you the annual report and financial statements for the year ended 30th June 2023. During the financial year 2022/2023 the hospital was steadfast in the provision of quality affordable and accessible healthcare services

A total of 42,454 patients were attended, an increase of 11.8% from 37,429 patients attended in 2021/2022. Of the 42,454 patients 40,947 were attended in the outpatient department and 1,512 patients in the inpatient department

During the year a total of 14,815 NHIF capitation clients chose the hospital as their facility of choice compared to 9,167 in the previous year representing a 61% increase. This increase was attributed to improved range of services offered and the fact that neighbouring Mwai Kibaki hospital stopped accepting NHIF card for outpatient services.

The hospital generated a total revenue of Kshs 37,246,195 during the year representing a 41.5% increase from the previous year. This was attributed to increase in NHIF capitation and also from increase in user charges as per Nyeri County Finance Act 2020. Kshs 29,622,527 was retained as facility improvement fund in accordance with Nyeri County Health Services Fund Act 2021 and utilized to finance the cost of operations and maintenance.

The hospital management facilitated the implementation of the annual work plan. Various programs were also implemented including programs geared towards infection prevention and control within hospital setting, patient safety, continuous quality improvement among others. The hospital also was engaged in a community scorecard activity which provided an opportunity for the community to rate the services offered at the facility. Support supervision for various services including HIV/AIDS, TB, maternal and child health and non-communicable diseases was also carried out.

On development, the hospital implemented various projects geared at improving the work environment and the quality of services offered. They included renovation and partitioning of the maternity ward to provide a good and private environment for our clients to deliver, renovations of various outpatient departments including CCC, MCH, procurement and outpatient department washrooms. Also during the year, the hospital acquired COBAS 111 chemistry analyser at a cost of Kshs 2.8 million. This equipment has helped expand the range of services offered at our laboratory and ultimately improved the diagnostic capacity of the hospital to various illnesses.

In spite of these major steps the hospital experienced some challenges including absence of a robust hospital management information system, rising inflation in the country leading to rise in operation costs and staff shortages in various services delivery units arising from retirement, resignation and transfers out of the facility. The hospital management however remains committed to continue to improve service delivery and deliver even better performance in the year ahead.



.....
Name: Dr. George Kiongo Maina

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Othaya sub-county hospital has six strategic policy objectives within the current Strategic Plan for the FY 2022-2023. These strategic policy objectives are as follows;

1. Eliminate Communicable Conditions
2. Halt and reverse the rising burden of non-communicable conditions
3. Provide Essential Health Services
4. Reduce the burden of violence and injuries
5. Minimize exposure to health risk factors
6. Strengthen collaboration with health-related sectors

Othaya Sub-County hospital developed its annual work plans based on the above six policy objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2022-2023 period for its six strategic policy objectives, as indicated in the diagram below:

Strategic Pillar/The me/Issues	Objective	Key Performance Indicators	Target	Achievements	
Service Delivery	Eliminate Communicable Conditions	Proportion HIV+ pregnant mothers receiving preventive ARV's to reduce risk of mother to child transmission (PMTCT)	100%	100%	
		% Of children under 1 year of age fully immunized	80%	85%	
		% Of children receiving three doses of Penta3 (containing vaccine (HIB/Hib/DPT3)	89%	82%	
		Number of newly diagnosed TB cases	100%	70	
		No. Of eligible HIV clients on ARVs	100%	9,472	
		No. Of children under five years treated for Diarrhoea with ORS & Zinc	5%	148	
		Proportion of Pregnant Women receiving TT2 Plus immunization	100%	112%	
		Total confirmed malaria cases [per 1,000 persons per year]	0 Per 1000 people	9 Per 1000 People	
		Halt and Reverse Increase in Non-Communicable Conditions	No. Of Women of Reproductive Age screened for cervical cancer	9.5%	567

Othaya sub county Hospital-Level 4 (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

		Number of new Outpatients with mental health conditions per 100,000 population	462 Per 100,000 People	159 Per 100,000 People
		Number of new Outpatients diagnosed with high blood pressure per 100,000 population	400 Per 100,000 People	95 Per 100,000 People
		Number of new Outpatients diagnosed with Diabetes per 100,000 population	151 Per 100,000 People	52 Per 100,000 People
		Proportion of adults OPD clients with BMI more than 25	1%	6
	Reduce the Burden of Violence and Injuries	Road traffic injuries in OPD as a % of all diagnoses	185	55
		No. Of new outpatient cases attributed to other injuries	936	1226
		% Of Patients with injury related conditions dying in the facility	0%	0%
	Provide Essential Health Care	No Of Pregnant women attending at least 4 ANC visits	550	431
		No Of Women of reproductive age (WRA) receiving family planning (FP) commodities	700	1657
		No of deliveries conducted by skilled attendants in health facilities	100%	479
		Number of children Under 5 dying in facility	0%	1
		Fresh Stillbirth rate per 1,000 births in health facilities	0%	1
		Number of Facility Maternal deaths per 100,000 deliveries	0%	0%
		Proportion low birth weight in health facilities rate per 1,000 births	25 per 1000 births	22 per 1000 births
		Proportion of Children under 5 years attending Child Welfare Clinics for growth monitoring (new cases)	300	297

***Othaya sub county Hospital-Level 4 (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023***

	Minimize exposure to health risk factors	Percentage of children 0-5 (<6 months) months who were exclusively breastfed	3248	2194
		Proportion of Children under 5 years attending Child Welfare Clinics who are under weight	470	482
		Proportion of Children under 5 years attending Child Welfare Clinics who are stunted	300	178
	Strengthen Collaboration with Health-Related Sectors	No. meetings held with health related sectors	/	4

The targets were cascaded to departments and incorporated in the performance appraisal of the staff.

8. Corporate Governance Statement

The hospital board members held eight planning meetings during the financial year 2022-2023. The members were appointed according to the Nyeri county health services act 2015. The chairperson is nominated by the CECM and appointed by the Governor. Board members representing organizations are nominated by their organization for appointment by the CECM. The board members serve a term of three years and membership can be renewed for one final term of three years. The removal from office is guided by the Nyeri County Health Services Act 2015 third schedule section 6.

The functions of the board include providing oversight over the administration of the hospital, promoting the development of the hospital, approving plans and programs for implementing health strategies in the hospital, approving budget estimates and carrying out other functions assigned by the executive secretary.

The board members were inducted and trained on their roles and responsibilities. The board members are paid allowances according to guidelines issued by the salaries and remuneration commission that include sitting allowance, transport allowance and lunch allowance.

Members declared any conflict of interest before conducting any business of the board for any direct or indirect interest in the outcome of the decision of the board.

Hospital management board members are remunerated as follows:

Detail		Level 4 Hospitals (Kshs)
Sitting allowance	Chairperson	4,000
	Members	2,500
Lunch (where lunch is not provided)	Chairperson and members	500

c) Roles and functions of the board.

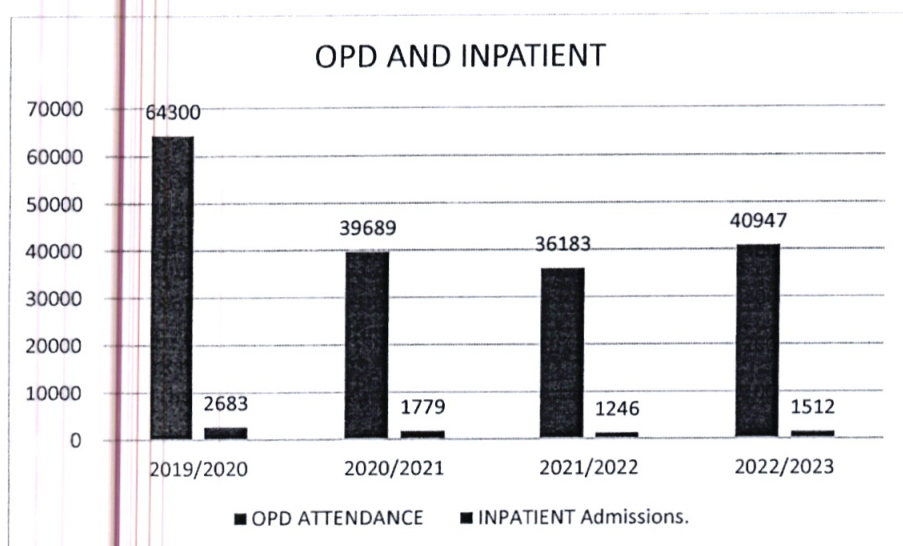
- i) Providing oversight over the administration of the hospital.
- ii) Promoting the development of the hospital.
- iii) Approving plans and programs for implementing county health strategies in the hospital.
- iv) Approving budget estimates before submission to the Chief Officer.
- v) Carrying any other function assigned by the executive Secretary.

9. Management Discussion and Analysis

Clinical/operational performance

During the financial year 2022-2023 a total of 40,947 patients were treated in the outpatient departments. This was 141% outpatient service utilization in a hospital catchment population of 29,011 persons during the year. A total of 1,512 patients were treated as inpatient for medical and maternity cases.

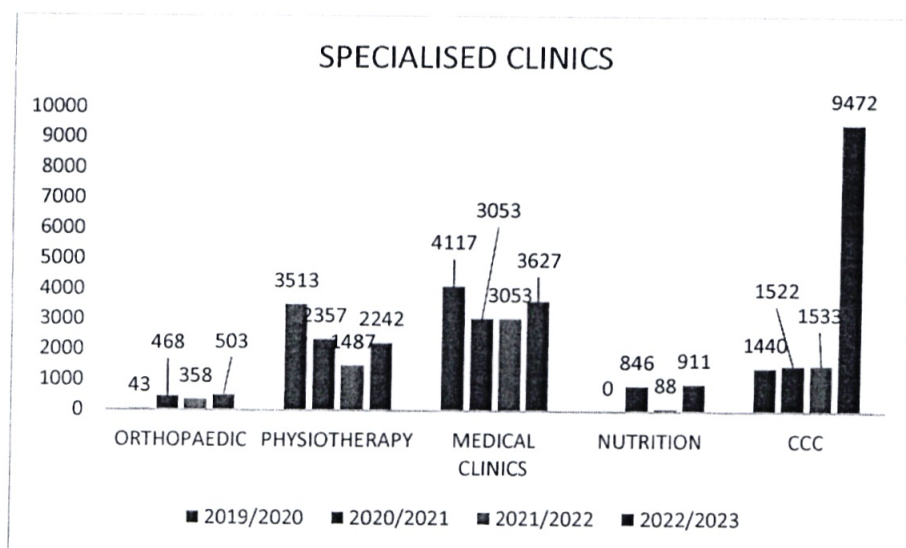
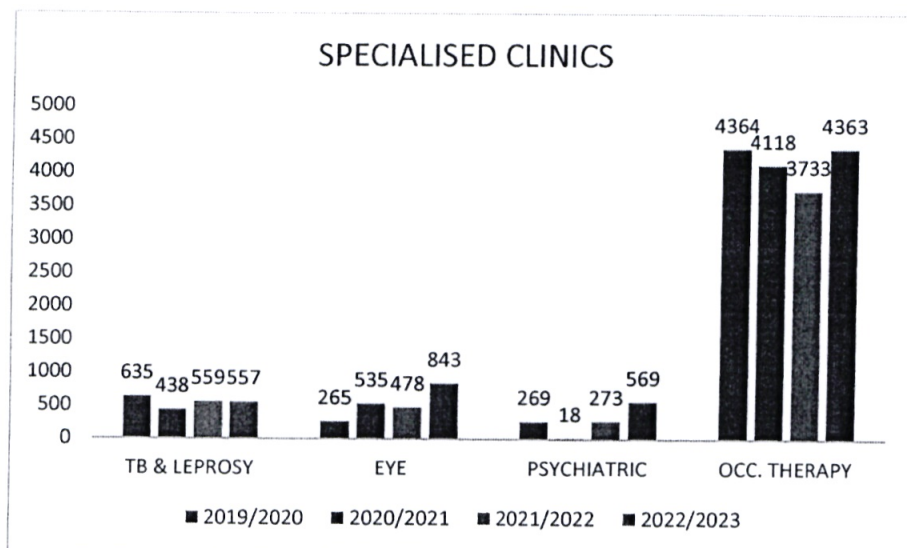
FY	OPD ATTENDANCE	INPATIENT Admissions.
2019/2020	64,300	2,683
2020/2021	39,689	1,779
2021/2022	36,183	1,246
2022/2023	40,947	1,512



A total of 23,087 patients were treated in specialized clinics.

	TB & LEPROSY	EYE	PSYCHIATRIC	OCC. THERAPY	ORTHOPAEDIC	PHYSIOTHERAPY	MEDICAL CLINICS	NUTRITION	CCC
2019/2020	635	265	269	4364	43	3513	4117	0	1440
2020/2021	438	535	18	4118	468	2357	3053	846	1522
2021/2022	559	478	273	3733	358	1487	3053	88	1533
2022/2023	557	843	569	4363	503	2242	3627	911	9472

Othaya sub county Hospital-Level 4 (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023



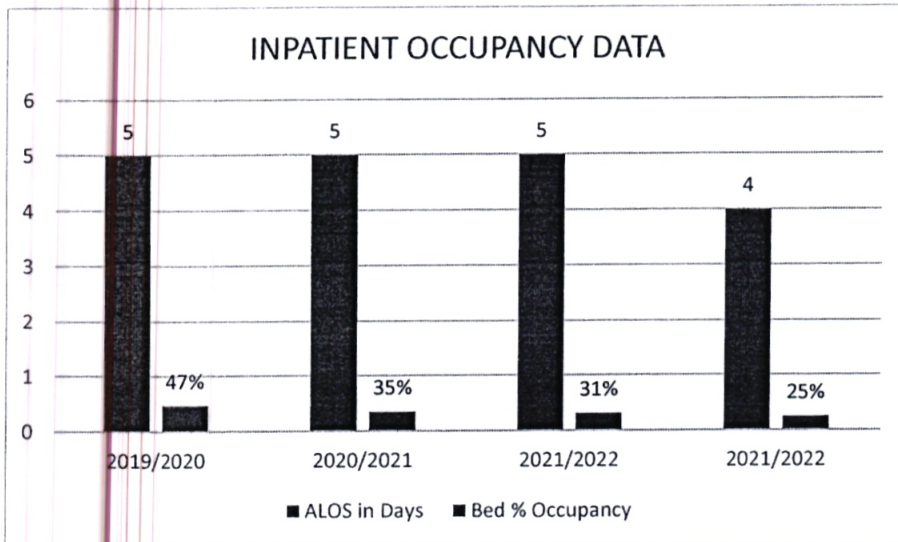
The total deaths in the year were 68 with a mortality rate of 2 deaths per 1000 persons. The hospital bed capacity for the year was 66 bed shared among pediatric medical, female medical, male medical and maternity. The reduction in bed capacity was due to conversion of one wing of medical ward to maternity ward.

FY	OUTPATIENT ATTENDANCE	MORTALITY	MORTALITY RATE	INPATIENT ADMISSION	BED CAPACITY
2019/2020	64,300	97	2 death per 1000 persons	2683	77
2020/2021	39,689	95	2 death per 1000 persons	1779	77
2021/2022	36,183	95	3 death per 1000 persons	1246	66
2022/2023	40,947	68	2 deaths per 1000 persons	1512	66

The overall hospital bed occupancy was 35%

Othaya sub county Hospital-Level 4 (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

	ALOS in Days	Bed % Occupancy
2019/2020	5	47%
2020/2021	5	35%
2021/2022	5	31%
2021/2023	4	35%



Financial performance

The hospital generated revenue amounting to Kshs 37,246,195 from user fees charged on patients during the year. The income was from cash paying clients and insurance companies mainly National Hospital Insurance Fund and Britam. The hospital also received Kshs 29,622,527 AIES and Kshs. 4,000,000 development fund from the county government. By the close of the financial year the funds utilization was at 96.7%.



George Kiongo Maina

Name: Dr. George Kiongo Maina

Secretary to the Board

10. Environmental and Sustainability Reporting

Othaya Sub-County hospital exists to transform lives through provision of quality affordable equitable and accessible health care services. This is 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 organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The hospital endeavor to optimize outpatient attendance for maximum utilization of health services. Efforts have been made to increase hospital bed turn over and high bed occupancy for better utilization of hospital resources that consequently lead to improved revenue collection. In this regard, clinical audits and quarterly data review is done for corrective measures.

Efforts have been made to optimize utilization of diagnostic services both medical and radio-logical to maximize revenue.

Customer satisfaction survey done to receive input from clients on areas of improvement in service delivery.

Outreach activities are conducted especially in rehabilitative services to gain touch with clients.

ii) Environmental performance

The hospital adheres to infection prevention and control protocols. It has adopted minimization of medical waste generated. The waste is segregated at the point of generation using the right colour coded bins and bin liners. Proper personal protective equipment are used for handling, transportation and disposal. All waste is disposed according to the recommended procedures.

iii) Employee welfare

The hospital conducts continuous professional education for skills improvement. The staff are trained on short courses and recommendation made for staff to undertake farther training in their areas of specialization. Recommendation is made for re-designation of staff who have acquired higher qualifications.

Annual appraisal system has been adopted and staff are appraised on their performance. Staff are recognized for their good performance.

The hospital has put measures to frequently assess and improve the working environment for occupational safety in line with Occupational Safety and Health Act 2007.

iv) Market place practices-

a) Responsible competition practice.

The hospital has sensitized the hospital staff public officer's integrity and ethics, anti-corruption, principles of public service and professionalism in service delivery.

All procurement processes are done through competitive and in accordance with public procurement and disposal act 2015

b) Responsible Supply chain and supplier relations

The hospital adheres to terms of contracts entered into with contractors. It is committed to making payment for services rendered and goods received. Goods and services are procured for the available resources.

c) Responsible marketing and advertisement

The hospital adheres to the Medical Practitioners and Dentist (practitioners and health facilities) advertisement rules 2016.

The hospital embraces transparency in presentation of any information on goods and services. It has respect for consumer privacy and cultivates a culture of integrity in its operations.

d) Product stewardship

The hospital undertakes verification through inspection of products purchased for conformity the standards and specifications provided. Comparative information is sought on pricing of goods and services through market surveys.

v) Corporate Social Responsibility / Community Engagements

The hospital undertook community outreaches and seconded staff to participate in 2 medical camps held during the year.

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Othaya sub-county Hospital, which give a true and fair view of the state of affairs of Othaya sub-county Hospital at the end of the financial year 2022/2023 and the operating results of Othaya sub-county Hospital for the year 2022/2023. The Board of Management is also required to ensure that Othaya sub-county Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Othaya sub-county Hospital. The council members are also responsible for safeguarding the assets of Othaya sub-county Hospital.


The Board of Management is responsible for the preparation and presentation of Othaya sub-county Hospital financial statements, which give a true and fair view of the state of affairs of Othaya sub-county Hospital for and as at the end of the financial period ended 30th June, 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 Othaya sub-county Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for Othaya sub-county Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Othaya sub county Hospital financial statements give a true and fair view of the state of the hospital transactions during the financial year ended June 30, 2023 and of the hospitals financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital 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 Othaya sub-county Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 28/9/2024 and signed on its behalf by:


.....
Name: Mr. Robin Muriuki Ndegwa
Chairperson
Board of Management


.....
Name: Dr. George Kiongo Maina
Accounting Officer



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 hospitals affairs.

Principal activities

The principal activities of Othaya sub county hospital are provision of quality healthcare services

Results

The results of Othaya sub county Hospital for the year ended June 30th 2023 are set out on pages 1 to 8

Board of Management

The members of the Board who served during the year are shown on page v & vi. During the year, none of the directors retired/ resigned.

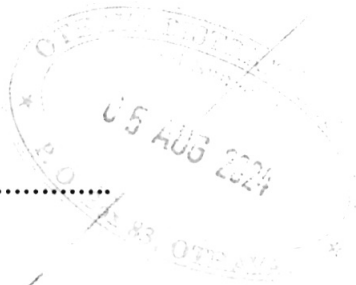
Auditors

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

By Order of the Board



.....
Name
Secretary to the Board

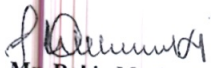



*Othaya Sub county Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

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

Description	Note	FY 2022/2023	FY2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government			9,000,000
In-kind contributions from the County Government			8,608,836
Revenue from exchange transactions	7	13,927,906	
Rendering of services- Medical Service Income			
Rendering of services- Receivables	8a	29,622,527	23,840,169
Total revenue	8b	3,703,254	44,150.00
Expenses		47,253,687	41,493,255
In-kind contributions from the County Government			
Medical/Clinical costs	7	13,927,906	8,608,836
Employee costs	8	13,487,241	15,222,000
Board of Management Expenses	9	2,499,038	2,130,613
Repairs and maintenance	10	252,200	372,200
Grants and subsidies	11	1,778,260	1,298,520
General expenses	12	-	5,061,690
Total expenses	13	11,036,024	12,753,679
Net Surplus / (Deficit) for the year		42,980,669	36,838,702
		4,273,018	3,411,214

(The notes set out on pages 6 to 19 form an integral part of the Annual Financial Statements.)
The Hospital's financial statements were approved by the Board on 28-9-2023 and signed on its behalf by:


Mr. Robin Muriuki Ndegwa
Chairman
Board of Management


Miriam Wangechi Ndirangu
Head of Finance
ICPAK No:


Dr. George Kiongo Maina
Medical Superintendent

05 AUG 2024

11. Report of The Board of Management

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Auditors

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

By Order of the Board

Dr. George Kiprot *Carell*

Name

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Othaya sub-county Hospital, which give a true and fair view of the state of affairs of Othaya sub-county Hospital at the end of the financial year 2022/2023 and the operating results of Othaya sub-county Hospital for the year 2022/2023. The Board of Management is also required to ensure that Othaya sub-county Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Othaya sub-county Hospital. The council members are also responsible for safeguarding the assets of Othaya sub-county Hospital.

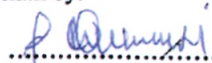
The Board of Management is responsible for the preparation and presentation of Othaya sub-county Hospital financial statements, which give a true and fair view of the state of affairs of Othaya sub-county Hospital for and as at the end of the financial period ended 30th June, 2023. This responsibility 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 Othaya sub-county Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

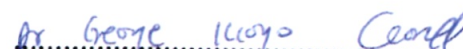
The Board of Management accepts responsibility for Othaya sub-county Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Othaya sub county Hospital financial statements give a true and fair view of the state of the hospital transactions during the financial year ended June 30, 2023 and of the hospitals financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital 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 Othaya sub-county Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 28/9/2023 and signed on its behalf by:


.....
Name: Mr. Robin Muriuki Ndegwa
Chairperson
Board of Management


.....
Name: Dr. George Kiongo Maina
Accounting Officer



REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

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 the 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 Othaya Sub-County Level 4 Hospital - County Government of Nyeri set out on pages 1 to 20, which comprise the

Report of the Auditor-General on Othaya Sub-County Level 4 Hospital for the year ended 30 June, 2023 - County Government of Nyeri

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Othaya Sub-County Level 4 Hospital - County Government of Nyeri 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, the Health Act, 2017 and Nyeri County Health Act, 2015.

Basis for Qualified Opinion

1. Understated Employee Costs

The statement of financial performance and Note 9 to the financial statements reflects Kshs.2,499,038 for casuals and contractual staff. The Hospital received services from eighty-nine (89) medical and other staff employed and paid by the County Government. 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 employee costs of Kshs.2,499,038 could not be confirmed.

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.3,494,900 which includes assets which were purchased within the financial year. However, review of financial 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, it was noted that Management did not maintain fixed asset register to control its assets. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.3,494,900 could not be confirmed.

3. Unconfirmed Inventory Balance

The statements of financial position and Note 16 to the financial statements reflects inventory balance of Kshs.2,257,590. However, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances.

In the circumstances, the accuracy, completeness and valuation of the inventory balance of Kshs.2,257,590 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year several issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources. However, the issues remained unresolved as at 30 June, 2023. This was contrary to Section 149 (2) of Public Finance Management Act, 2012 which require accounting officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficit by fifty-five (55) staff requirements or 54% of the authorized establishment.

Staffing Requirement	Level Standard	4 Hospital	Number in	Variance	Percentage %
Medical Officers	16		11	5	31
Anesthesiologists	2		0	2	100
General Surgeons	2		0	2	100
Gynecologists	2		0	2	100
Pediatrics	2		1	1	50
Radiologists	2		0	2	100
Kenya Registered Community Health Nurses	75		34	41	55
Total	101		46	55	54

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

Equipment	Level 4 Hospital Standard	Actual in the Hospital	Variance	Percentage %
Beds	150	77	73	49
Resuscitaire (2 in Labour Ward and One in Theatre)	3	2	1	33
New Born Unit - Incubators and Five (5) Cots	5	1	4	80
New Born Unit Cots	5	0	0	100
Functional Intensive Care Unit - Beds	6	0	6	100
High Dependency Unit - Beds	6	0	6	100
Renal Unit with at Least 5 Dialysis Machines	5	0	5	100
Two Functional Operating Theaters Maternity and General	2	0	2	100

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

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

2. Lack of Quarterly Revenue Reports

The statement of financial performance and Note 8 to the financial statements reflects an amount of Kshs.29,622,527 in relation to the rendering of services - medical income. However, Management did not provide evidence to show that the reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

3. Irregular Engagement of Casual Workers

The statement of financial performance and Note 9 to the financial statements reflects casuals and contractual staff amount of Kshs.2,499,038. It was noted that Management engaged casual workers for more than three months. This was contrary to the County Public Service Human Resource Manual, May 2013 Section 8.16(1) which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act (2007).

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

4. Failure to Dispose Unserviceable Assets

The statement of financial position and Note 17 to the financial statements reflects Kshs.3,494,900 in respect to property, plant and equipment. However, field verification revealed unserviceable assets that have not been disposed of and the same remain unutilized. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164(1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement function.

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

The audit was conducted in accordance with the 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 Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Expiry of Medical Supplies

The statement of financial position and Note 16 to the financial statements reflects an inventory balance of Kshs.2,257,590. Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that various drugs of undetermined value had expired.

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

2. Stock-Outs of Essential Medical Supplies

Review of the stock records indicated that the Hospital experienced stock out of essential medical supplies ranging from ten (10) days to thirty (30) days.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical inventory to achieve the Hospital mandate could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 June, 2024

Othaya Sub County Hospital -Level 4 (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

15. Statement of Financial Position as at 30th June 2023

Description	Note	FY2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	2,402,403	3,635,729
Receivables from exchange transactions	15b	3,703,254	126,800
Inventories	16	2,257,590	-
Total Current Assets		8,363,247	3,762,529
Non-current assets	17	3,494,900	-
Total Non-current Assets		3,494,900	-
Total assets		11,858,147	3,762,529
Current liabilities			
Trade and other payables	18	-	177,400
Total Current Liabilities		-	177,400
Total Liabilities		-	177,400
Net assets			
Revaluation reserve		-	-
Accumulated surplus		7,684,232	3,411,214
Capital Fund		4,173,915	173,915
Total Net Assets and Liabilities		11,858,147	3,585,129

(The notes set out on pages 6 to 19 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 28-9-2023 and signed on its behalf by:



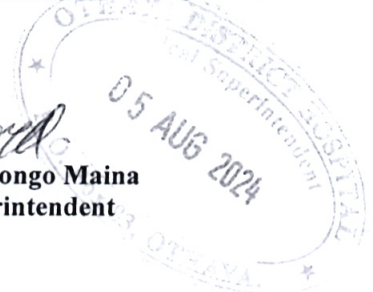
Mr. Robin Muriuki Ndegwa
Chairman
Board of Management



Miriam Wangechi N
Head of Finance
ICPAK No:28201



Dr. George Kiongo Maina
Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus	Capital Fund	Total
As at July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus for the year	-	3,411,214	-	3,411,214
Capital/Development grants	-	-	173,915	173,915
As at June 30, 2022	-	3,411,214	-	3,585,129
				-
As at July 1, 2022	-	3,411,214	-	3,585,129
Revaluation gain	-	-	-	-
Surplus for the year	-	4,273,018	-	4,273,018
Development grants	-	-	4,000,000	4,000,000
As at June 30, 2023	-	7,684,232	4,173,915	11,858,147

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	4,000,000	9,000,000
Rendering of services- Medical Service Income	8a	29,622,527	23,840,169
Total Receipts		33,622,527	32,840,169
Payments			
Medical/Clinical costs	8	13,487,241	10,996,376
Employee costs	9	2,499,038	2,130,613
Board of Management Expenses	10	252,200	372,200
Repairs and maintenance	11	1,778,260	1,298,520
Grants and subsidies	12	-	5,061,690
General expenses	13	11,036,024	10,500,980
Total Payments		29,052,763	30,360,379
Net cash flows from operating activities		4,569,764	3,461,814
Cash flows from investing activities		-	-
Purchase of property, plant, equipment & intangible assets		-3,494,900	-
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		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		1,074,864	-
Cash and cash equivalents as at 1 July 2022	14	3,635,730	173,915
Cash and cash equivalents as at 30 June 2023	14	2,402,403	3,635,730

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	4,000,000	-	4,000,000	4,000,000		100 %
Rendering of services - Medical Service Income	29,622,527	-	29,622,527	29,622,527		100 %
Total income	33,622,527	-	33,622,527	33,622,527	-	100 %
Expenses						
Medical/Clinical costs	13,643,088	-	13,643,088	13,487,241	155,847	99%
Employee costs	2,499,038	-	2,499,038	2,499,038	0	100%
Board Expenses	264,500	-	264,500	252,200	12,300	95%
Repairs and maintenance	1,822,251	-	1,822,251	1,778,260	43,991	98%
General expenses	15,393,650	-	15,393,650	14,530,924	862,726	94%
Total Expenses	33,622,527		33,622,527	32,547,663	1,074,864	97%
Surplus for the period	-	-	-		1,074,864	-

19. Notes to the Financial Statements

1. General Information

Othaya Sub-County Hospital is a level (4) hospital established under gazette notice number Vol. CX-No. 65 dated 8th August 2008 and is domiciled in Nyeri County under the Health Department. The hospital is governed by a Board of Management. The principal activity/mission/ mandate of the hospital is to provide preventive and curative health services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospitals accounting policies. There were no 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

Othaya sub-county Hospital did adopt any new and amended standards in the financial year 2022/2023.

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 realized 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.

b. Budget information

The original budget for FY 2022/2023 was approved by Board on 29th July 2022. Subsequent revisions 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 hospital did not record additional appropriations on the FY 2022/2023 budget following the Board's approval. The hospitals 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.

d. Investment property

The hospital did not hold any investment property in the financial year 2022/2023.

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 hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. 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 Hospital 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 Hospital 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 Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

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

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Financial assets

Classification of financial assets

The hospital 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 hospital'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 cash flows 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 hospital 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 hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the hospital 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 hospital 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 hospital recognizes a loss allowance for such losses at each reporting date. The hospital did not have any critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

j. Inventories

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

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

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

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Hospital.

k. Provisions

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

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

l. Social Benefits

The hospital did not have any social benefits transfers during the FY 2022/2023.

m. Contingent liabilities

The Hospital 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 Hospital 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 Hospital 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 hospital creates and maintains reserves in terms of specific requirements.

p. Changes in accounting policies and estimates

The Hospital recognized the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q. Employee benefits

Retirement benefit plans

The Hospital remitted all statutory deductions for its casual employees to NSSF as required by law.

r. Foreign currency transactions

The hospital did not carry out any foreign currency transactions during the FY 2022/2023.

s. Borrowing costs

The hospital did not incur any borrowing costs during the FY 2022/2023.

t. Related parties

The Hospital's only related party was the county government of Nyeri.

u. Service concession arrangements

The Hospital did not have any service concession arrangements during the FY 2022/2023.

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 Co-operative bank at the end of the financial year. Additionally, all issued imprests had been surrendered 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 Hospital'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 Hospital 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 Hospital. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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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 Hospital.
- 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.

The hospital's management is yet to develop a policy in relation to estimation of useful life of assets.

Provisions

No provisions were set aside during the preparation of the financial statements for the financial year 2022/2023. The hospital's management will liaise with the County treasury for further guidance on development of a policy for provisions.

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6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Unconditional grants		
Operational grant	4,000,000	9,000,000
Total government grants and subsidies	4,000,000	9,000,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the FY 2022/2023	Comparative Period 2021/2022
			Kshs		
Nyeri County Government	4,000,000	-	-	4,000,000	9,000,000
Total	4,000,000	-	-	4,000,000	9,000,000

7. In Kind Contributions from The County Government

Description	FY2022-2023	FY2021-2022
	Kshs	Kshs
Salaries and wages	-	2,130,613
Medical drugs	13,927,906	4,225,624
Utility bills	-	2,252,700
Total grants in kind	13,927,906	8,608,937

8a. Rendering of Services-Medical Service Income

Description	Current FY	Comparative FY
	Kshs	Kshs
AIE NUMBER B197384	3,217,571	-
AIE NUMBER B197223	9,559,100	-
AIE NUMBER B207258	6,808,418	-
AIE NUMBER B207496	3,620,053	-
AIE NUMBER A888893	6,417,385	-
Total Rendering of Medical Services Income	29,622,527	23,840,169

8. b) Rendering of Services-Receivables

Description	Current FY	Comparative FY
	Kshs	Kshs
NHIF INSURANCE	3,518,104	-
NHIF CAPITATION	185,150	-
Total Medical Services receivable income	3,703,254	-

8. Medical/ Clinical Costs

Description	2022/23	2021/22
	Kshs	Kshs
Lab	2,046,493	1,189,335
Food and Ration	3,253,214	1,808,360
Dressings and non-pharms	2,196,365	753,998
Pharmaceutical Supplies	3,230,650	7,118,389
Health Information Stationery	1,311,129	789,900
Sanitary and Cleaning Materials	966,265	1,165,752
x-ray	483,125	758,135
Other related medical costs		66,071
Total medical/ clinical Costs-Expenditure	13,487,241	15,222,000

9. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances (Hospital casual workers)	2,499,038	2,130,613
Other employee costs (Hired Casual labour)	-	-
Employee costs	2,499,038	2,130,613

10. Board of Management Expense

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Sitting allowance	104,000	372,200
other committee and conference	148,200	
Total	252,200	372,200

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11. Repairs And Maintenance

Description	2022/23	2021/22
	Kshs	Kshs
Property-Buildings	295,430.00	339,920
Medical Equipment	271,145.00	297,150
Furniture and Fittings	66,300.00	98,300
Maintenance of computers	76,995.00	179,700
Motor vehicle expenses	372,250.00	77,150
Maintenance of civil works	696,140.00	306,300
Total repairs and maintenance	1,778,260	1,298,520

12. Grants and Subsidies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfer to health fund	-	5,061,689
Total grants and subsidies	-	5,061,689

13. General Expenses

Description	2022/23	2021/22
	Kshs	Kshs
Advertising and publicity expenses	27,700	9,200
Catering expenses	404,258	517,570
Workshop tools	51,550	49,000
Bank charges	21,290	18,630
Beddings and Linen	524,700	6,750
Contracted guards' services	1,358,400	1,401,600
Electricity expenses	1,289,649	4,542,699
Water and sewerage costs	1,358,805	1,000,000
Courier and postal services	44,000	19,450
General Office Supplies	776,288	991,481
Safety gear	63,240	55,000
Telephone and mobile phone services	95,000	130,000
Internet expenses	90,000	60,000
Fungicides	56,230	76,205
Daily Subsistence Allowance	886,950	838,750
Supply and accessories for computers	789,792	15,000
Purchase of office furniture	0	45,000
Purchase of lighting equipment	30,000	10,000
Purchase of medical equipment	30,000	10,500
Other fuels	1,007,600	778,840
Fuel and Lubricants	2,081,332	2,002,554

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Household Appliances	49,240	50,450
Total General Expenses	11,036,024	12,753,680

14. Cash and Cash Equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current accounts	2,402,403	3,635,730
Total cash and cash equivalents	2,402,403	3,635,730

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

Description		FY 2022/2023	FY 2021/2022
Financial institution	Account Number	Kshs	Kshs
Current account			
Co-operative Bank	1141509888200	2,402,403	3,635,730
Grand total		2,402,403	3,635,730

15. (b) Receivables from Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Medical services receivables	3,703,254	126,800
Less: Impairment allowance	-	-
Total receivables	3,703,254	126,800

Analysis of Receivables from Exchange Transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	FY 2022/2023	% of the total	FY 2021/2022	% of the total
Less than 1 year	3,703,254	100%	126,800	100%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	3,703,254	100%	126,800	100%

16. Inventories

Description	2022/23	2021/22
	Kshs	Kshs
Pharmaceutical supplies	909,272	-
Food supplies	62,800	-
Non pharmaceuticals	700,716	-
Lab	584,802	-
TOTAL	2,257,590	

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17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021(previous year)								
At 30th Jun 2022								
At 1 July 2022 (current year)								
Additions				45,000	549,900	2,800,000		3,394,900
Disposals								
Transfer/adjustments								
At 30th Jun 2023				45,000	549,900	2,800,000		3,394,900
Depreciation and impairment								
At 30 June 2023								
At July 2022 (current year)								
Depreciation								
At 30th June 2023								
Net book values								
At 30 th Jun 2022(previous)								
At 30 th Jun 2023(current)				45,000	549,900	2,800,000		3,394,900

18. Trade and Other Payables

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Trade payables	-		177,400	
Total trade and other payables	-		177,400	
Ageing analysis:	FY	% of the	FY	% of the
	2022/2023	Total	2021/2022	total
Under one year	-	0%	177,400	100%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	-	0%	177,400	100%

Financial Risk Management

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

(i) Credit risk

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

(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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital'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 hospital'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 hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The hospital 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.

b) Interest rate risk

Interest rate risk is the risk that the hospital's financial condition may be adversely affected as a result of changes in interest rate levels. However, the hospital did not face material interest rate risk during the financial year 2022/2023.

Sensitivity analysis

The hospital 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 hospital did not carry out a sensitivity analysis in the year under review.

iv) Capital Risk Management

The objective of the hospital's capital risk management is to safeguard the Hospital's ability to continue as a going concern. However, the hospital did not have any long term liabilities or significant capital balances in the year under review.

Related Party Balances

Nature of related party relationships

Entities and other parties related to the hospital 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.

Nyeri County Government is the principal shareholder of the hospital, holding 100% of the hospital's equity interest. Other related parties include:

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

Segment Information

The hospital did not have any related segments during the financial year 2022/2023.

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

S/NO.	Issue / Observations from Auditor	Action Taken
Basis for Qualified Opinion		
1.	Unsupported revenue from non-exchange transactions	Awaiting Senate recommendation
2.	Unsupported employee costs	Awaiting Senate recommendation
3.	Unsupported Cash and Cash Equivalents	Awaiting Senate recommendation
Key Audit Matters (Other Matter)		
1.	Budgetary Control and Performance	Awaiting Senate recommendation
2.	Understaffing of Health Workers	Awaiting Senate recommendation
3.	Failure to offer various medical services offered in the Hospital	Awaiting Senate recommendation
4.	Inadequate Operational Equipment	Awaiting Senate recommendation
Report on Effectiveness of Internal Controls, Risk Management and Governance		
1.	Lack of Key Operational Departments	Awaiting Senate recommendation
2.	Inadequate Storage Space	Awaiting Senate recommendation

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Appendix 2: WAIVERS

QUARTER	AMOUNT
1 ST QUARTER	189,210
2 ND QUARTER	48,890
3 RD QUARTER	105,780
4 TH QUARTER	149,690
TOTAL	493,570