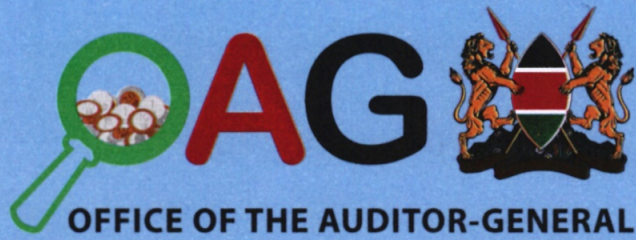


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REPORT

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OF

THE AUDITOR-GENERAL

ON

RUIRU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KIAMBU

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023

Revised 30th June 2023



**RUIRU LEVEL 4 HOSPITAL
(KIAMBU 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)

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023



Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Period Ended 30th June 2023

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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
ECL	Expected credit loss
IPSAS	International Public Sector Accounting Standard
PNC	Postnatal Clinic
CWC	Child Welfare Clinic
MOH	Ministry of Health
ANC	Antenatal Clinics
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Ruiru Hospital is a level 4 hospital established under gazette notice number 7270 and is domiciled in Kiambu County Government under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

To provide health services, create enabling environment, regulate and set standards and policy for health service delivery

Vision

To promote and participate in provision of quality, curative and rehabilitative services to all clients

Mission

To provide efficient and high quality medical services that is accessible equitable and affordable

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health 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. Patience wanjiru
2.	Health administrative officer	Ruth Mwaura
3.	Head of finance	Charles Mburu
4.	Head of supply chain	Phillip wambua
5.	Nursing service manager	Eunice Muthoni

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee

This committee is aimed to improve human health and quality of life through research, capacity building and service delivery. It's mandated to undertake research in communicable and non-communicable diseases. It provides a platform for clinical trials (drug safety and efficacy) in neglected, communicable and non-communicable diseases. It also provides a conducive environment for patient/participant, monitoring, support and safety. Testing new therapies, tools and vaccines for defined diseases and validation of drug therapies or compounds for efficacy and safety are as well roles carried by this committee. This committee collaborates with other entities to undertake implementation research so as to contribute to more effective public health and clinical policies and programs.

It also Supports MOH disease programs in conducting national surveys which help keep the medical research community well informed.

Audit committee

The Hospital relies on an internal audit function put in place by the County Treasury to assist in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Risk Committee

Risk management in healthcare comprises the clinical and administrative systems, processes, and reports employed to detect, monitor, assess, mitigate, and prevent risks. By employing risk management by the risk committee, the hospital proactively and systematically safeguards patient safety as well as the organization's assets, market share, accreditation, reimbursement levels, brand value, and community standing.

Deployment of healthcare risk management has traditionally focused on the important role of patient safety and the reduction of medical errors that jeopardize an organization's ability to achieve its mission and protect against financial liability.

County Assembly

County Assembly has established various committees to oversight on the functions and operations of the county executive upon which health committee falls under. The Committee deals with all matters related to county health services, including, in particular county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, cemeteries, funeral parlours and crematoria.

F) Key Entity Information and Management (continued)

a) Entity Headquarters

P.O. Box 684-00232

Ruiru Town

Along Biashara road

Kiambu County, Kenya

b) Contact Address

Ruiru Sub County Hospital

P.O. Box 684-00232

Ruiru Town

Kiambu County, Kenya

Telephone: (+254)724616353

E-mail: ruirugoklevel4hospital@gmail.com

P.O. Box 684-00232

c) Bankers

Kenya Commercial Bank
Family Bank
Ruiru Branch
P.O. Box 684-00232
Ruiru Town

d) Independent Auditors

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



e) Principal Legal Adviser

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



f) County Attorney

P.O. Box 2344-00900
Kiambu, Kenya

3. The Board of Management

Ref	Board Member	Details
1.	<p>Dr Richard Thuo Kamau, HSC</p> 	<p>Born in 1958, Dr Kamau is a Pharmaceutical Specialist and a Health Service Governance Advisor. He possesses over 25 years' experience in medicine management, teaching and training. He consults in various Committees on reforms in the pharmaceutical sector in Kenya and has served as Lead Consultant in World Bank Funded Projects as well as Board Director of Kenya Medical Supplies Agency. He holds a Master's degree in Public Health, Diploma in Business Management, and a Bachelor's degree in Pharmacy.</p>
2.	<p>Rev. Simon Murigi Njaaga</p> 	<p>Rev Simon holds bachelors in Education and a diploma in Theology.</p> <p>He is the moderator of Presbyterian Church of East Africa, Ruiru Presbytery.</p> <p>Rev Simon also serves as the Chair National Council of Churches of Kenya, Kiambu County.</p>
3.	<p>Mr. Ambalal Patel</p>	<p>Mr Patel studied Textile Technology from M.S University, Vadodara and Law from S.P. University, Gujarat.</p> <p>Currently Mr Patel is the head of production at Spinners and Spinners Ltd.</p> <p>Mr Patel has been the Chair of S.H SD Temple Ruiru</p>




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		<p>since 2010 and the National Trustee at the Hindu Council of Kenya</p>
4.	<p>Dr. Patience wanjiru</p> 	<p>She holds masters in clinical pharmacy (internal medicine and oncology) from University of Nairobi .she completed her Bachelor of pharmacy from university of Nairobi and has a senior management course from Kenya school of Government.</p> <p>She is the current medical superintendent at Ruiru and the secretary to the Hospital board Ruiru level 4 hospital</p>




4. Key Management Team

Ref	Management	Details
1.	<p>Dr. Patience Wanjiru</p> 	<p>Medical Superintendent</p> <p>She holds masters in clinical pharmacy (internal medicine and oncology) from University of Nairobi .she completed her Bachelor of pharmacy from university of Nairobi and has a senior management course from Kenya school of Government.</p> <p>She is the current medical superintendent at Ruiru and the secretary to the Hospital board Ruiru level 4 hospital</p>
2.	<p>Ruth Mwaura</p> 	<p>Hospital Administration</p> <p>She holds a master of science in operations and technology management</p> <p>She is the Hospital administrator at Ruiru level 4 Hospital</p>
3.	<p>Maryanne Njuguna</p> 	<p>Nursing Service Department</p> <p>She holds a Bachelor of Nursing degree from Barton University and a master's of science in Nursing (midwifery and obstetrics nursing)from Kenyatta university</p> <p>She is the deputy nursing service manager at Ruiru level 4 hospital</p>




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4.	<p>Mercy Wanja Marangu</p> 	<p>Nutrition Department</p> <p>She holds Bachelor of science foods, nutrition and dietetics from Kenyatta university</p> <p>She is incharge of nutrition department in Ruiru level 4 hospital</p>
5.	<p>Jane Njeri Kamau</p> 	<p>Laboratory Department</p> <p>She holds a Diploma in Medical Laboratory sciences from Mt Kenya university</p> <p>She is the incharge laboratory department Ruiru Hospital</p>
6	<p>Esther Mungai</p> 	<p>Social Work Department</p> <p>She holds a Bachelor's degree in sociology from Moi university</p> <p>She is incharge of social work department in Ruiru level 4 hospital</p>
7	<p>Charles mburu</p>	<p>Finance & Accounts Department</p> <p>Holds a Bachelor in Commerce majoring in accounting from Kenyatta university, has CPAK from ICPAK .has computerised accountancy certificate</p> <p>He is incharge of finance and accounts in Ruiru level 4 hospital</p>

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8	<p>Phylip Wambua</p> 	<p>Supply Chain Department</p> <p>Holds a Bachelor in Business management majoring supply chain management, has a diploma in procurement and has certificate in contract management</p> <p>He is incharge of supply chain management at Ruiru level 4 Hospital</p>
9	<p>Ellyjoy Kanini Mbaka</p> 	<p>Orthopaedic & Trauma Department</p> <p>She holds a diploma in orthopaedic trauma technologist from Kenya medical training college</p> <p>She is incharge of orthopaedic and trauma department in Ruiru level 4 hospital</p>
10	<p>Dr Saudiyya Mohamed</p>	<p>Obstetrics & Gynaecology Department</p> <p>She holds masters of medicine in Obstetrics and Gynaecology from muhimbili university of health and allied sciences</p>

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		<p>She is Doctor of medicine in Saint Petersburg state medical academy</p> <p>She is incharge of Obstetrics and gynaecology department in Ruiru level 4 hospital</p>
11	<p>Dr Dennis Omondi</p> 	<p>Medical Department</p> <p>He holds a Bachelor of Medicine and Bachelor of surgery from University of Nairobi</p> <p>He is incharge of Medical departments in Ruiru level 4 hospital</p>
12	<p>Esther Nyawira Njoroge</p> 	<p>ICT Department</p> <p>She holds Diploma in information technology and also holds Diploma in project management</p> <p>She is incharge department of ICT at Ruiru level 4 hospital</p>

5. Chairman's Statement

It is with pleasure we present the Hospital's 2022/2023 Annual Report and Financial Statements. The report being the inaugural, it sets the precedence on how the hospital financial affairs will be reported under IPSAS Accruals. This calls for concerted efforts by all stakeholders to ensure the report depicts a true and fair presentation of the financial affairs of the hospital.

Ruiru Level IV hospital was established in 1954 as a level II Health facility. Over the period the hospital has progressively expanded and is now one of the high-volume level IV hospitals in Kiambu County. This expansion has seen growth in infrastructure, scope of services rendered and health care providers.

At the National level, universal healthcare (UHC) is one of the big four agenda. The agenda aims to provide affordable healthcare for all households through NHIF scheme. To align with the agenda the hospital has opened the new Uhuru Kenyatta wing to increase bed capacity and scope of services offered.

To enhance service delivery, the hospital is in the process of rolling out a Health Management Information System in key points of service which will see a reduction of patient waiting time, minimal use of papers and space through use electronic filing.

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Hospital Board. The Board provides strategic direction while the Medical Superintendent assisted by the Hospital Management is accountable to the Board for implementing the strategy. The hospital board will develop a strategic plan which will steward the hospital in the next five years towards being a provider of efficient and high-quality medical services that are accessible, equitable and affordable.

Appreciation

First and foremost, I would like to thank our clients for demonstrating their trust in us with their health care needs and being our motivation to service delivery excellence.

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At the same time, I would like to thank my fellow Board Members for their unwavering support and for applying their highest professional standards in carrying out the business of the Board and in decision making.

I would also like to thank the County Government of Kiambu not only for its continued support of Hospital's development agenda but also for creating enabling environment for the hospital to meet its objectives. I recognize our partners and stakeholders who continue to strengthen our partnership through financial support which ensures we remain in course to deliver to our clients.



Name Dr. Richard Thuo
Chairman to the Board

6. Report of The Medical Superintendent

I am delighted to present the hospital's annual report and financial statements for the year 2022/2023. The hospital being a second-time adopter of IPSAS accruals has elected to take advantage of the transitional exemptions and provisions that may impact fair presentation.

The report highlights the hospitals operational and financial performance.

Operational Performance

With a catchment population of more than 400,000 people, Ruiru Level IV Hospital has been one of the high-volume level IV hospitals in the county. During the period the hospital provided services to 75,623 clients.

The hospital has made a niche in provision of reproductive health services. About 46% of our client sought MCHFP services. This however did not translate to a high number of deliveries being conducted in the hospital. Only 3,010 clients delivered in the hospital.

The hospital 12 special clinics served 18,748 clients during the period with most clients seeking services for dental or eye related cases.

The hospital theater currently handles reproductive health cases. During the period 378 caesarian section cases were attended. The hospital intends to expand the capacity of the theater to handle other surgical cases.

Though the hospital bed capacity has increased to 150 beds, the hospital is only able to offer inpatients service to pediatrics, maternity and female.

Financial Review

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, from either FIF or NHIF. During the year under review, the hospital generated Ksh 45,373,756. The revenue generated during the period was utilized to fund hospital expenditure that totaled Ksh 39,195,864. The hospital funds utilization rate was 86.40%.

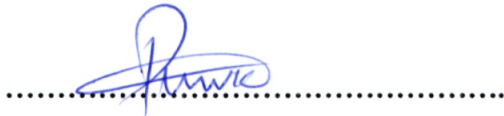
Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the County Government of Kiambu and development partners for the support they continue to accord the hospital without which our achievements would not have been realized.

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As we move into a new financial year, I would like to express my gratitude to Ruiru Level IV hospital staff, departmental heads and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.



Name Dr Patience W Karimi
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Ruiru level 4 hospital, which give a true and fair view of the state of affairs at the end of the financial year and the operating results for 2022/2023. The Board of Management is also required to ensure that it keeps proper accounting records which disclose with reasonable accuracy the financial position. The council members are also responsible for safeguarding the assets. The Board of Management is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets ; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances. The Board of Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2023, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained , which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that Ruiru level 4 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 _____ and signed on its behalf by:



Name: Dr. Richard Thuo
Chairperson Board of Management



Name: Dr. Patience W Karimi
Accounting Officer

8. Statement of corporate Governance

1.	Dr.R.T Kamau	Board Chairman
2.	Rev. Simon Murigi	Board Member
3.	Mr. Ambalal Patel	Board Member
4.	Dr. Patience Wanjiru	Board Secretary

The Chairman, in conjunction with the Medical Superintendent, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting. In the year under review, the Board held a total of 4 meetings to introduce board members to the Hospital Management Team and Staff, approve the Annual Work plans and Annual Budget and to discuss pertinent issues relating to strategy, performance and sustainability of the Hospital.

Appointment and Removal of Board

The board members are appointed by General community in consultation with County Executive Member for Health upon approval by The County Assembly. Names of the appointed members and changes thereto are published in the Kenya Gazette.

Board members may remove from office any member who;

- a. has been absent for 3 consecutive meetings without the chairman permission
- b. is adjudged bankrupt
- c. is unable to discharge his/her duties due to physical or mental capacity

- d. violates or is suspected of violating the provision of chapter 6 of the constitution
- e. is charged with a criminal offence in the court of law
- f. conflict of interest

Roles and Functions of Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Board of Management supported. The Board, through its committees provides strategic direction while the Medical Superintendent assisted by the Hospital Management Team is accountable to the Board for implementing the strategy. Board members are expected to be responsible, prudent and skillful while carrying out their fiduciary duties on behalf of the Hospital. The roles and responsibilities of the Board include:

- a. Responsible for providing oversight over the administration and management of the Hospital.
- b. Promoting the development of the Hospital.
- c. Approving plans and programs for implementing county health strategies in the Hospital.
- d. Approving annual estimates of the Hospital before submission to the Executive member and carrying out any other function and any other functions assigned by the Executive member in furtherance to the realization of the purpose of this act.

9. Management Discussion and Analysis

The hospital strives to ensure that the health care services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance has continually been strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges including inadequate budgetary allocations and constrained workforce the patient attendance has continued to increase.

Workload

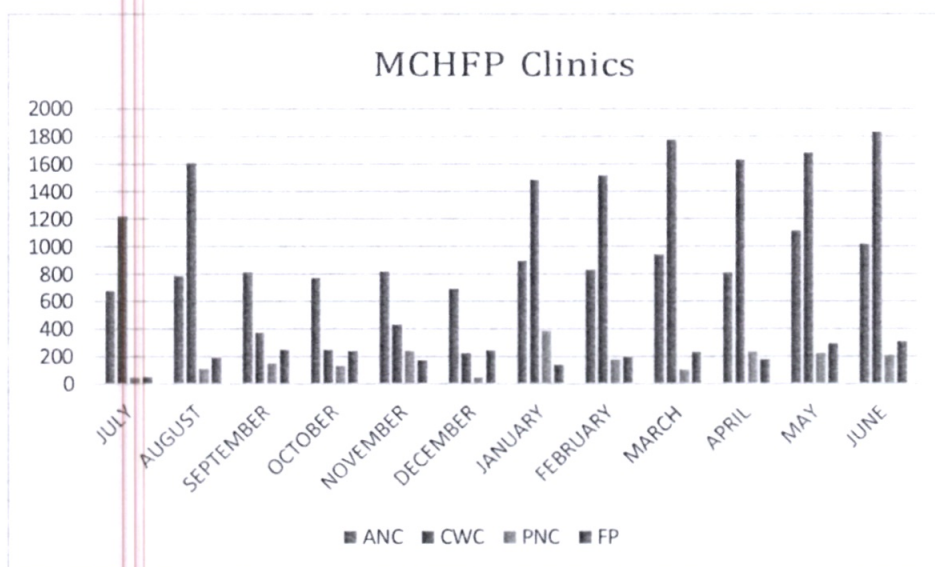
The number of clients who visited the hospital to seek medical services was 75,623 with a monthly average of about 6300 clients. The charts below show the monthly client attendance and client attendance by service

Clinical/operational performance

	MCHPF Clinics			
	ANC	CWC	PNC	FP
JULY	678	1217	44	50
AUGUST	785	1607	111	191
SEPTEMBER	815	374	152	249
OCTOBER	774	251	131	241
NOVEMBER	820	430	240	172
DECEMBER	692	223	47	248

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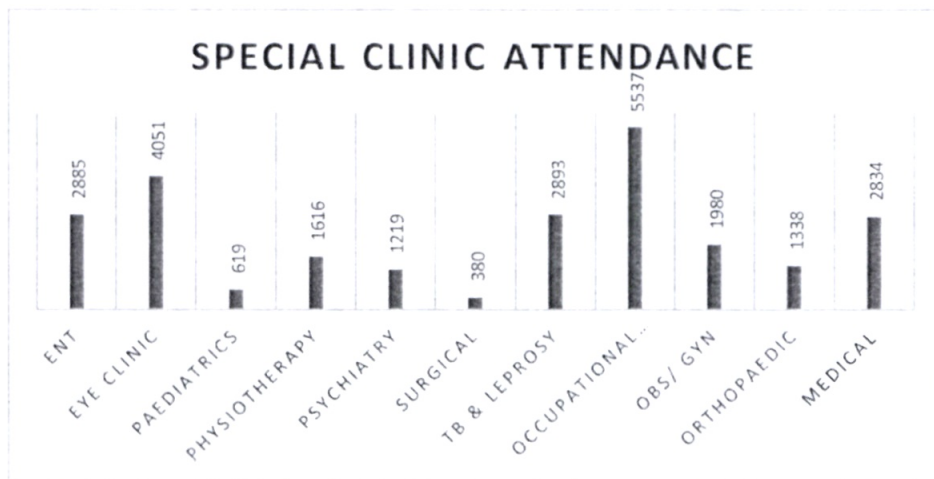
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JANUARY	897	1486	388	143
FEBRUARY	831	1516	180	196
MARCH	939	1778	105	231
APRIL	807	1631	236	180
MAY	1111	1680	225	297
JUNE	1018	1832	209	309



Special Clinic

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	Attendance
Ent	2885
Eye Clinic	4051
Pediatrics	619
Physiotherapy	1616
Psychiatry	1219
Surgical	380
TB & Leprosy	2893
Occupational Therapy	5537
Obs/ Gyn	1980
Orthopedic	1338
Medical	2834



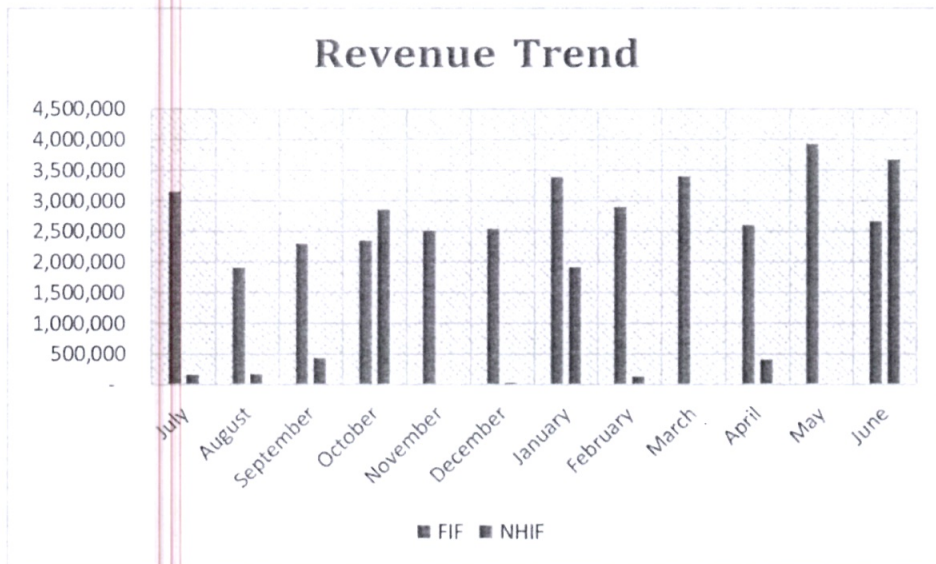
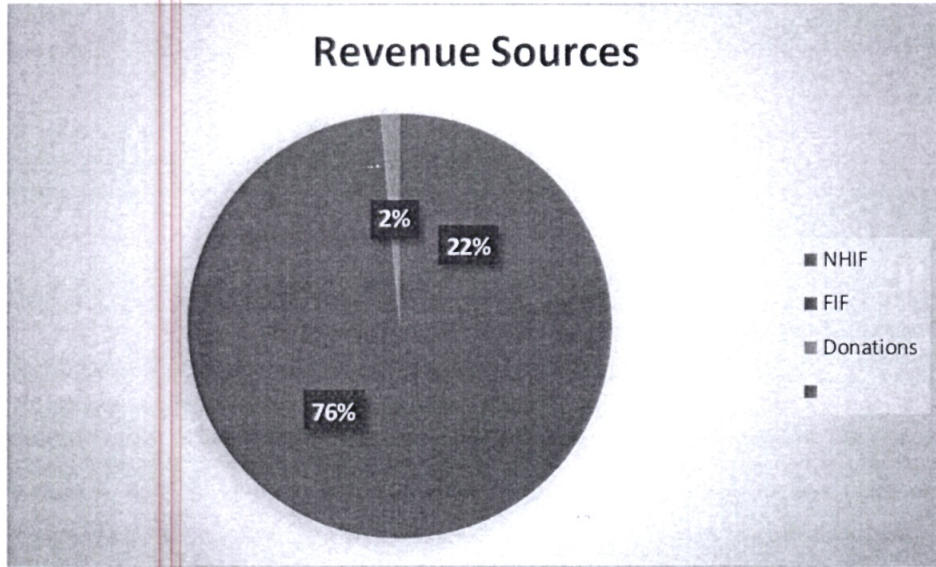
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	Surgical Procedures Trend
July	91
August	77
September	80
October	54
November	74
December	81
January	74
February	57
March	63
April	67
May	82
June	86

	Revenue Sources
NHIF	9,815,230
FIF	33,666,730
Donations	645,500

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	FIF	NHIF
July	3,153,072	161,000
August	1,912,354	179,320
September	2,296,909	435,690
October	2,352,578	2,854,760
November	2,511,921	-
December	2,540,989	36,700
January	3,387,323	1,921,040
February	2,902,714	130,200
March	3,400,193	14,500
April	2,604,664	406,820
May	3,933,709	-
June	2,670,304	3,675,200



.....
Name Dr Patience Karimi
Secretary to the Board

10. Environmental and Sustainability Reporting

These are our first sustainability report and have reflected the hospital's performance as well as the hospital strategy and vision for the future. As a hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of providing health services. We are committed to being transparent, candid and open about our activities and this report is a reflection of that commitment. At Ruiru Sub County Hospital, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits.

(a) Sustainability Strategy and Profile

Engaging with stakeholders informs our decision making, strengthens our relationships and helps us deliver our commitments and succeed in health care service delivery. In order to achieve these goals, we recognise that we must work in partnership with other interested stakeholders who share our commitment and have a stake in our business. We actively engage with the County Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

(b) Environmental Performance

In our offices and clinical areas, we continue to encourage employees to help reduce energy consumption by switching of their computers and lights at the end of the day. Ruiru being in a semi-arid area the hospital has planted trees to conserve soil, provide shade for parked vehicles and firewood for use in the kitchen. The trees have also created habitat for birds and other small animals. In line with adopting energy efficient technologies the hospital intends to invest in a hospital information management system (HIS) which apart from improving service delivery will positively impact on the environment through minimal use of papers and space. Our target is to launch the HIS by the end of 2022. In packaging of medicine, we are using environmentally friendly bags. In medical waste, we are also using bags which are clearly marked for clinical waste, bottles and left-over foods. Staffs are also provided with personal protective equipment.

(c) Employee Welfare

Employees are encouraged and supported to continually build on their skills and knowledge. The hospital allocates funds every year to support staff in learning and development program. These include courses on leadership, management and technical competencies relevant to each employee. Additionally, the hospital organizes CMEs every week to allow our health care workers learn and discover viable ways to improve on the patient care they deliver and effectively manage a career in the ever-changing landscape of the medical industry.

(d) Responsible Supply Chain and Supplier Relations Ruiru Sub County Hospital has over 30 suppliers that supply good and services. When we engage multiple service providers for our operations and projects, our own reputation as service provider is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods offered.

(e) Corporate Social Responsibility / Community Engagements

Ruiru Sub County Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives. The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalized and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions. Through the initiatives mentioned above, Ruiru Sub County Hospital has achieved the following results in financial year ended 30th June 2023. (a) Provided free cervical and breast cancer screening programs in Kahawa West and Githurai localities in September 2022.

(b) Conducted free dental check up at the newly refurbished dental clinic on 20th March 2023. (c) Administered for free Human Papilloma Virus (HPV) vaccine to students at St. George's and Ruiru Primary Schools in the months of November and December 2022 respectively

11. Report of The Board of Management

The Board of Management submits their report together with the unaudited financial statements for the year ended 30th June, 2023 which shows the state of the hospital affairs.

Principal Activities

The principal activities of the hospital are:

- (a) To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care
- (b) To provide facilities for medical education for various institutions and for research either directly or through other co-operating health institutions
- (c) To provide facilities for education and training in nursing and other health and allied institutions
- (d) To participate, as referral hospital within the sub county

Results

The results of the Hospital for the year ended 30th June, 2023 are set out on page 1 to 5.

Board of Management

The members of the Board of Management who served during the year are shown under the corporate governance statement in the annual report on page vii.

Auditors

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

By Order of the Board

.....


Name **Dr. Patience Karimi**

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 Ruiru level 4 hospital, which give a true and fair view of the state of affairs of the Ruiru level 4 hospital at the end of the financial year and the operating results of the period. The Board of Management is also required to ensure that the proper accounting records which disclose with reasonable accuracy the financial position. The council members are also responsible for safeguarding the assets.

The Board of Management is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the Ruiru level 4 hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

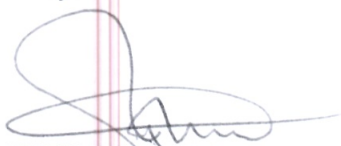
The Board of Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2023, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Nothing has come to the attention of the Board of management to indicate that the Ruiru level 4 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 29/6/2024 and signed on its behalf by:



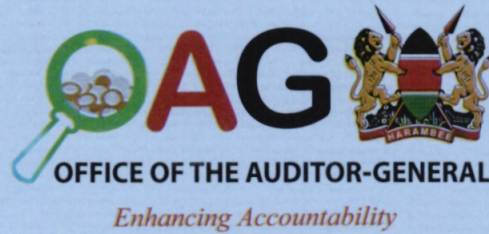
.....
Name: Dr. Richard Thuo
Chairperson
Board of Management



.....
Name: Dr. Patience W Karimi
Accounting Officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 Ruiru Level 4 Hospital set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison 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, the financial position of Ruiru Level 4 Hospital - County Government of Kiambu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Variances in Revenue from Rendering Services

The statement of financial performance reflects the rendering of services – medical services income amount of Kshs.45,373,756 as disclosed in Note 11 to the financial statements. The amount includes claims reimbursed from the National Health Insurance Fund (NHIF) amounting to Kshs.11,707,025. However, records maintained by NHIF revealed an amount of Kshs.13,124,865 was paid to the hospital resulting to unreconciled variance of Kshs.1,417,840.

In the circumstances, the accuracy and completeness of revenue from rendering services – medical service income amount of Kshs.45,373,756 could not be confirmed.

2. Variances in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.55,170,844 as disclosed in Note 28 to the financial statements. However, supporting details provided amounted to Kshs.3,900,370 resulting in unsupported balance of Kshs.51,270,474. In addition, the balance of Kshs.3,900,370 relates to dues from National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.10,693,249 resulting to unexplained variance of Kshs.6,792,879. Further, the balance has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within 30 days of submission.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs.55,170,844 could not be confirmed.

3. Non-Disclosure and Unsupported of Donations

The statement of financial performance reflects Nil grants from donors and development

partners. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.25,321,882 and Universal Health Coverage products of Kshs.684,499 which were not disclosed in the financial statements.

Further, the statement of financial performance reflects public contribution and donations of Kshs.645,000 as disclosed in Note 10 to the financial statements. However, no supporting documents and schedules for the balances were provided for audit.

In the circumstances, the accuracy and completeness of Nil grants from donors and development partners and public contribution and donations of Kshs.645,000 could not be confirmed.

4. Unsupported Plant, Property and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.12,490,337 as disclosed in Note 31 to the financial statements. The balance is net of accumulated depreciation balance of Kshs.2,142,317 which includes an opening balance of Kshs.270,473. However, no depreciation was provided for in the previous year and the amount has not been disclosed in the statement of financial performance.

Further, the asset register provided lacked details of the type of the asset, date of acquisition, value of the acquired asset, depreciation charges for the assets, the assets unique identification numbers and the assets were not tagged. In addition, ownership documents for land occupied by the Hospital were not provided for audit.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.12,490,337 could not be confirmed.

5. Variance in Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.63,368,132 as disclosed in Note 34 to the financial statements. The balance includes Kshs.2,471,215 owed to Kenya Medical Supplies Authority (KEMSA) while KEMSA records reflect of Kshs.1,062,894 resulting to unexplained variance of Kshs.1,408,321.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.63,368,132 could not be confirmed.

6. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,743,432 which, as disclosed in Note 27 to the financial statements, includes cash in hand amount of Kshs.90,000. However, the cash in hand balance was not supported with a board of survey certificate.

Further, the balance includes a bank account cashbook balance of Kshs.140,100, whose cash book and bank reconciliation statements for the month of June, 2023 were not provided for audit.

In addition, review of the cash books for the bank account held at a commercial bank revealed that they were not checked and confirmed by a senior person and the bank reconciliations statements provided were neither signed by the preparer nor checked and approved by a senior person.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,743,432 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ruiru 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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 believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of an Approved Annual Budget

The statement of comparison of budget and actual amounts reflects total income and total expenditure budgets of Kshs.51,519,558 and Kshs.45,644,100 each against actual total income and total expenses amount of Kshs.56,018,756 and Kshs.40,266,29 respectively. However, no approved budget was provided for audit review contrary to Section 131(6)

of Public Finance Management Act, 2015 which provides that the County Executive Committee Member for finance shall take all reasonably practicable steps to ensure that the approved budget estimates are prepared and published in a form that is clear and easily understood by, and readily accessible to, members of the public.

In the circumstances, the regularity of the expenditure incurred could not be confirmed.

2. Irregular Procurement of Pharmaceutical Supplies

Management awarded a contract for the supply of medical commodities to a firm at a contract sum of Kshs.857,310. Review of contract's bid documents revealed that three bidders were evaluated. However, two of the bidders had not attached their valid trading licenses and therefore were ineligible for evaluation.

Further, Lumiquick HPylori Antigen Test Kits valued at Kshs.148,890 were procured through the quotation method and delivered on 26 June, 2023. Review of the goods delivery notes and bin cards revealed that the kits had expired in October, 2019. No explanation was provided on why expired goods were supplied and accepted by the Hospital.

In addition, procurement records revealed that Management had procured various medical and non-medical commodities valued at Kshs.1,117,185 on varying dates. However, delivery of the items was made before the Local Purchase Orders (LPO) had been issued by the accounting officer as tabulated below;

LPO No.	LPO Date	Delivery/Invoice Date	Amount (Kshs.)
4009517	08/11/2022	15/07/2022	200,500
4009873	23/04/2023	05/04/2023	26,000
1394012	23/03/2022	28/02/2022	164,372
1394036	28/07/2023	22/06/2023	276,813
4009868	04/05/2023	07/04/2023	326,450
4009556	02/02/2023	20/01/2023	123,050

No explanation has been provided by Management on the anomaly.

In the circumstances, value for money may not have been obtained in the procurement of the above pharmaceutical and non-pharmaceutical supplies.

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to shortages in staff as detailed in the table below;

	Criteria	Level 4 Requirement	Number in Hospital	Variance	Percentage %
1	Staffing Requirement				
	Medical Officers	16	8	8	50
	Anesthesiologists	2	1	1	50
	General surgeons	2	1	1	50
	Gynecologists	2	2	0	0
	Pediatricians	2	2	0	0
	Radiologists	2	2	0	0
	Registered Community Health Nurses	75	138	112	-
	Total	101	83	18	18

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Bed Capacity	150	121	29	16.3
Equipment & Machines				
Incubators in the New Born Unit	5	1	4	80
HDU Cots in the New Born Unit	5	2	3	60
Resuscitaire in Theatre	1	1	0	
Resuscitaire in Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Units with Dialysis Machines	5	0	5	100
Functional Operating Theatres Maternity and General Wards	2	1	1	50
Ambulances		3	0	100

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

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Ineffective County Hospital Management Team

Review of the Board of Management records revealed that the Hospital Management team met once during the year. This was contrary to Section 21(3) of Kiambu Health Act, 2019 which requires that the County Health Management Team shall meet at least once in every quarter. In addition, there was no evidence to confirm that performance evaluation for the Hospital Board was done for the financial year.

In the circumstances, the existence of an effective governance structure could not be confirmed.

2. Shortcomings in the Implementation of Universal Health Coverage (UHC) Program

Inspection of the Hospital facilities indicated that the hospital had not achieved the Country's Universal Health Care goals as outlined in the Article 43(1) of the Constitution of Kenya, 2010, as indicated below: -

- i) There were delays in disbursements of the refund to the Hospital from the County Government Health Fund, where the Hospital was expected to receive

Kshs.77,065,844 which is 80% of the total revenue collected but received only Kshs.45,373,755. This translates to 58% of the total allocation.

- ii) The Hospital had low staffing due to natural attritions and non-replacement resulting to low staff to patient ratio. Further, the Hospital used staff on temporary employment in revenue collection which could result to possible revenue loss due to lack of answerability.
- iii) The financial statements reflect trade payables amounting to Kshs.63,368,132 most of which relates to the previous years.
- iv) The Hospital did not have a proper health management system to monitor services offered by various departments.
- v) There was inadequate IT hardware and poor internet connectivity.

In the circumstances, existence of an effective and efficient control environment could not be confirmed.

3. Lack of Risk Management Policy

Review of the Hospital's policies revealed that that Hospital did not have an approved Risk Management Policy and Management did not maintain a risk register for the entity. This is contrary to the Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which requires an accounting officer to ensure that the County Government entity develops risk management strategies which include fraud prevention mechanisms and a system of risk management and internal controls that builds robust business operations.

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

4. Lack of Internal Audit Function

The Management of the Hospital has not established an internal audit department and no evidence was provided to confirm that internal audit reviews were carried out during the year under review.

In the circumstances, the Hospital Management did not benefit from reviews on the effectiveness of the financial and non-financial performance management systems.

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

Responsibilities of 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

01 July, 2024

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023


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


Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	21,843,808
In- kind contributions from the County Government	7	10,000,000	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	645,000	600,000
		10,645,000	22,443,808
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	45,373,756	1,848,095
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	1,628,360
Revenue from exchange transactions		45,373,756	3,476,720
Total revenue		56,018,756	25,920,263
Expenses			
Medical/Clinical costs	15	21,682,473	11,367,824
Employee costs	16	9,680,380	8,025,800
Board of Management Expenses	17	10,000	65,000
Depreciation and amortization expense	18	1,871,844	0
Repairs and maintenance	19	2,016,239	659,452
Grants and subsidies	20	0	0
General expenses	21	6,877,200	8,125,766
Finance costs	22	0	0
Total expenses		42,138,136	28,201,842
Other gains/(losses)			


Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		13,880,620	-2,281,579

The Hospital's financial statements were approved by the Board on 29/6/2024 and signed on its behalf by:


.....
Chairman Dr. Richard Thuo
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent
Dr. Patience W Karimi

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023


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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	6,743,432	470,579
Receivables from exchange transactions	28	55,170,844	31,980,737
Receivables from non-exchange transactions	29	0	0
Inventories	30	562,560	0
Total Current Assets		62,476,836	32,451,316
Non-current assets			
Property, plant, and equipment	31	12,490,337	3,456,884
Intangible assets	32	0	0
Investment property	33	0	0
Total Non-current Assets		12,490,337	3,456,884
Total assets		74,967,173	35,908,200
Liabilities			
Current liabilities			
Trade and other payables	34	63,368,132	34,732,895
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
Total Current Liabilities		63,368,132	34,732,895
Non-current liabilities			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession liability	40	0	0

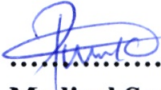
Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Social Benefits	41	0	0
Total Non-current liabilities		0	0
Total Liabilities		63,368,132	34,732,895
Net assets			
Revaluation reserve		0	0
Accumulated surplus/Deficit		11,599,041	-2,281,579
Capital Fund		0	0
		11,599,041	-2,281,579
Total Net Assets and Liabilities		74,967,173	32,451,316

The Hospital's financial statements were approved by the Board on 27/6/2023 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent
Dr. Patience W Karimi

Dr. Richard Thuo

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021	0	0	0	-
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	-2,281,579	-	(2,281,579.00)
Capital/Development grants	-	-	0	-
As at June 30, 2022	0	-2,281,579	0	(2,281,579.00)
At July 1, 2022	0	-2,281,579	0	(2,281,579.00)
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	13,880,620	-	13,880,620
Capital/Development grants	-	-	0	-
At June 30, 2023	0	11,599,041	0	11,599,041

Ruiru level iv hospital
(County Government of Kiambu)
Annual Report and Financial Statements for the Year Ended 30th June 2023

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

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	0
Grants from donors and development partners		-	0
Transfers from other Government entities			0
Public contributions and donations		-	0
Rendering of services- Medical Service Income		45,373,756.00	21,689,558
Revenue from rent of facilities		-	0
Finance / interest income		-	0
Miscellaneous receipts(specify)		-	0
Total Receipts		45,373,756.00	21,689,558
Payments			
Medical/Clinical costs		11,415,204.00	8,349,611
Employee costs		9,680,380.00	7,441,900
Board of Management Expenses		10,000.00	65,000
Repairs and maintenance		969,895.00	659,452
Grants and subsidies		-	0
General expenses		5,093,682.00	3,488,823
Finance costs		-	0
Refunds paid out		-	0
Total Payments		27,169,161.00	20,004,786
Net cash flows from operating activities	42	18,204,595.00	1,684,772
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		11,931,742.00	-1,572,500
Proceeds from the sale of property, plant, and equipment		-	0
Acquisition of investments		-	0
Net cash flows used in investing activities		6,272,853.00	-1,572,500
Cash flows from financing activities			
Proceeds from borrowings		-	0
Repayment of borrowings		-	0

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Capital grants received		-	0
Net cash flows used in financing activities		-	0
Net increase/(decrease) in cash and cash equivalents		6,272,853.00	117,272
Cash and cash equivalents as at 1 July	27	470,579.00	353,307
Cash and cash equivalents as at 30 June	27	6,743,432.00	470,579

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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=e/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	0	0	0	-	0	%
Grants from donors and development partners	0	0	0	10,000,000	-10,000,000	100%
Transfers from other Government entities	0	0	0	-	0	%
Public contributions and donations	0	0	0	645,000.00	-645,000	100%
Rendering of services- Medical Service Income	51,519,558	0	51,519,558	45,373,756	6,145,802	11.9%
Revenue from rent of facilities	0	0	0	-	0	%
Finance / interest income	0	0	0	-	0	%
Miscellaneous receipts (specify)	0	0	0	-	0	%
Total income	51,519,558	0	51,519,558	56,018,756	4,499,198	8.7%
Expenses						
Employee costs	10,800,000	0	10,800,000	9,680,380	1,119,620	10.3%
Medical/Clinical costs	25,289,100	0	25,289,100	21,682,473	3,606,627	14.26%
Remuneration of directors	120,000	0	120,000	10,000.00	110,000	91.67%
Repairs and maintenance	2,130,000	0	2,130,000	2,016,239	113,761	5.3%
Grants and subsidies	0	0	0	-	0	%
General expenses	7,305,000	0	7,305,000	6,877,200	427,800	5.86%
Finance costs	0	0	0	-	0	%
Refunds	0	0	0	-	0	%
Total expenditure	45,644,100	0	45,644,100	40,266,292	6,568,328	14.4%
Surplus for the period	5,875,458		5,875,458	15,752,464	-9,877,006	

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19. Notes to the Financial Statements

1. General Information

Ruiru level 4 Hospital is established by and derives its authority and accountability from Kiambu county health services Act, 2019. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County, Ruiru Sub County in Biashara ward. The entity's principal activity is provision of 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 accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the country. 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.

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3. Adoption of New and Revised Standards

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

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

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Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <li data-bbox="491 981 1370 1115">i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <li data-bbox="491 1137 1370 1317">ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board on 23rd June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The 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 18 under section statement of comparison of budget and actual amounts of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

Notes to the Financial Statements (Continued)

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36. Provisions are measured at the management's best estimate of the expenditure required to

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settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	0	0
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	0

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kiambu County Government					
Total	0	0	0	0	0

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/2023	2021/2022
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	3,413,239
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
X-ray Machine	10,000,000	
Utility bills	0	0
Total grants in kind	10,000,000	3,413,239

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	2022/2023	2021/2021
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2021/2022
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	645,500	600,000
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	645,500	600,000

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

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11. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Total revenue from the rendering of services	45,373,756	1,848,095

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12. Revenue From Rent of Facilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2022/2023	2021/2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	1,628,360
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	1,628,360

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15. Medical/ Clinical Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	3,266,753	1,468,900
Public health activities	0	0
Food and Ration	2,035,996	1,110,200
Uniform, clothing, and linen	0	0
Dressing and Non-Pharmaceuticals	8,057,718	5,611,600
Pharmaceutical supplies	5,013,102	1,277,066
Health information stationery	861,250	694,500
Reproductive health materials	560,369	0
Sanitary and cleansing Materials	530,385	636,030
Purchase of Medical gases	1,003,700	559,528
X-Ray/Radiology supplies	353,200	10,000
Other medical related clinical costs (<i>specify</i>)	560,369	0
Total medical/ clinical costs	21,682,473	11,367,824

16. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries, wages, and allowances	8,894,320	7,580,000
Contributions to pension schemes	522,960	186,400
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	263,100	259,400
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>)	0	0
Employee costs	9,680,380	8,025,800

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17. Board of Management Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	8,500	50,000
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Meal allowance	1,500	15,000
Airtime allowances	0	0
Total	10,000	65,000

18. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property- Buildings	1,032,785	24,500
Medical equipment	55,000	172,500
Office equipment	212,848	65,244
Furniture and fittings	0	0
Computers and accessories	363,270	38,388
Motor vehicle expenses	352,336	358,820
Maintenance of civil works	0	0
Total repairs and maintenance	2,016,239	659,452

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20. Grants And Subsidies

Description	2022/2023	2021/2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	190,000	80,000
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	15,988	16,926
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	1,664,000	662,000
Electricity expenses	2,150,000	1,600,000
Fuel and Lubricants	391,212	375,500
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	0	23,100
Legal expenses	0	0
Licenses and permits	0	0
General office supplies	0	0
Printing and stationery	1,547,000	885,840
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	650,000	4,200,000

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Description	2022/2023	2021/2022
	Kshs	Kshs
Sanitary and cleaning	0	0
Telephone and mobile phone services	222,000	190,000
Internet expenses	47,000	36,000
Staff training and development	0	28,000
Subscriptions to professional bodies	0	22,400
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
Total General Expenses	6,877,200	8,125,766

22. Finance Costs

Description	2022/2023	2021/2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	2022/2023	2021/2022
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

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25. Medical Services Contracts Gains /Losses

Description	2022/2023	2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalentents

Description	2022/2023	2021/2022
	KShs	KShs
Current accounts	6,653,432.40	370,679
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	90,000	99,900
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalentents	6,743,432.40	470,579

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Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1256161306	3,629,220	700
Kenya Commercial bank	1156993164	2,884,112.40	369,979
Family bank	001000053777	140,100	
Sub- total		6,653,432.40	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(<i>specify</i>)			
cash in hand		90,000	99,900
Mobile money- Mpesa, Airtel money		0	0
Sub- total		90,000	99,900
Grand total		6,743,432.40	470,579

28. Receivables From Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Medical services receivables	55,170,844	31,980,737
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total receivables	55,170,844	31,980,737

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Analysis of Receivables From Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

29. Receivables From Non-Exchange Transactions

Description	2022/2023	2021/2022
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	(0)	(0)
Total	0	0

Analysis of Receivables From Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

30. Inventories

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Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	130,000	0
Maintenance supplies	0	0
Food supplies	100,000	0
Linen and clothing supplies	0	0
Cleaning materials supplies	259,000	0
General supplies	123,560	0
Less: provision for impairment of stocks	(50,000)	0
Total	562,560	0

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31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital	Total
						Working in progress	
	KShs	KShs	KShs	KShs	KShs		KShs
Depreciation rate			12.50%	40%	12.50%		
Cost 30 June 2022	0	1,372,300	36,000	416,000	1,632,584	0	3,456,884
At 1st July, 2022	0	1,372,300	36,000	416,000	1,632,584	0	3,456,884
Additions	0		632,500	363,270	10,180,000	0	11,175,770
Disposals	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0
At 30th June 2023	0	1,372,300	668,500	779,270	11,812,584	0	14,632,654
Depreciation and impairment							
At 30th June, 2022	0		14,400	52,000	204,073	0	270,473
At 1st July, 2022	0		14,400	52,000	204,073	0	270,473
Depreciation	-		83,563	311,708	1,476,573	-	1,871,844
Disposals	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0

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Transfer/adjustment	0	0	0	0	0	0	0
At 30th June, 2023	0	0	97,963	363,708	1,680,646	0	2,142,317
Net book values							
At 30th June, 2023	0	1,372,300	570,537	415,562	10,131,938	0	12,490,337
At 30th June, 2022		1,372,300	36,000	416,000	2,476,084	0	3,456,884

depreciation policy	depreciation rate
furniture fitting and office equi	12.50%
computers and other ict	
equipments	40%
plant and medical equipment	12.50%
land buildings	-
Motor vehicles	20%

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	Period ended June 2023	2021/2022
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	2022/2023	2021/2022
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	(0)	(0)
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	(0)	(0)
Impairment	(0)	(0)
At end of the year	0	0

Notes to the Financial Statements (Continued)

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34. Trade and other Payables

Description	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	63,368,132		33,468,795	
Employee dues	0		1,264,100	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	63,368,132		34,732,895	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

35. Refundable Deposits from Customers/Patients

Description	2022/2023		2021/2022	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
Total deposits	0		0	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

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36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

37. Finance Lease Obligation

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

38. Deferred Income

Description	2022/2023	2021/2022
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to statement of financial performance	(0)	(0)	(0)	(0)
Other transfers (<i>Specify</i>)	(0)	(0)	(0)	(0)
Balance C/F	0	0	0	0

39. Borrowings

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
Balance at end of the period	0	0

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

Description	2022/2023	2021/2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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40. Service Concession Arrangements

Description	2022/2023	2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

41. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

	Period ended June 2023	2021/2022
	KShs	KShs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	-	0
Grants from donors and development partners	-	0
Transfers from other Government entities		0
Public contributions and donations	-	0
Rendering of services- Medical Service Income	45,373,756.00	21,689,558
Revenue from rent of facilities	-	0

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Finance / interest income	-	0
Miscellaneous receipts(specify)	-	0
Total Receipts	45,373,756.00	21,689,558
Payments		
Medical/Clinical costs	11,415,204.00	8,349,611
Employee costs	9,680,380.00	7,441,900
Board of Management Expenses	10,000.00	65,000
Repairs and maintenance	969,895.00	659,452
Grants and subsidies	-	0
General expenses	5,093,682.00	3,488,823
Finance costs	-	0
Refunds paid out	-	0
Total Payments	27,169,161.00	20,004,786
Net cash flows from operating activities	18,204,595.00	1,684,772

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43. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing		
	Past due			
	Impaired			
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions				
0	0	0	0	
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2023				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	0	0	54,198,607	54,198,607
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	54,198,607	54,198,607
At 30 June 2023				
Trade payables	0	0	63,368,132	63,368,132
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	63,368,132	63,368,132

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

Description currency rate	Change in		
	Effect on Profit		
before tax	Effect on		
equity			
	Kshs	Kshs	Kshs
2022			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv)Capital Risk Management

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

Description	2022/2023	2021-2022
	KShs	KShs
Revaluation reserve	0	0
Retained earnings	16,823,393	21,249,673
Capital reserve	21,457,525	4,852,984
Total funds	38,280,918	26,102,657
Total borrowings	0	0
Less: cash and bank balances	6,028,873.4	-470,579
Net debt (excess cash and cash equivalents)	6,028,873.4	-470,579
Gearing	-1.5%	-2%

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44. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

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

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
	0	0
	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	10,645,500	3,413,239
Total	10,645,500	3,413,239
c) Expenses incurred on behalf of related party		
	0	0
	0	0
Total	0	0

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Description	2022/2023	2021/2022
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	10,000	65,000
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	10,000	65,000

45. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

46. Contingent Liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case against the Ruiru hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

47. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

48. Events after the Reporting Period

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

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49. **Ultimate and Holding Entity**

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

50. **Currency**

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

20. **Appendices**

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

*Kiambu county health fund account
P.o box 2344-0900
Kiambu*



The Health fund account wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	3/8/2022	0	0	8,422,204	8,422,204	8,422,204	0
	19/10/2022	0	0	3,367,331.20	3,367,331.20	3,367,331.20	0
	14/11/2022	0	0	716,400	716,400	716,400	0
	15/11/2022	0	0	571,490	571,490	571,490	0
	01/03/2022	0	0	635,890	635,890	635,890	0
	01/03/2023	0	0	5,757,556	5,757,556	5,757,556	0
	01/05/2023	0	0	12,175,974.40	12,175,974.40	12,175,974.40	0
	30/6/2023	0	0	8,732,663.20	8,732,663.20	8,732,663.20	0
	30/6/2023	0	0	661,440	661,440	661,440	0
	30/6/2023	0	0	953,377.60	953,377.60	953,377.60	0

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Total				41,994,326.40		
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In confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department of the beneficiary entity:

Name Cecilia Muthi Sign  Date 27/6/2023

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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