

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

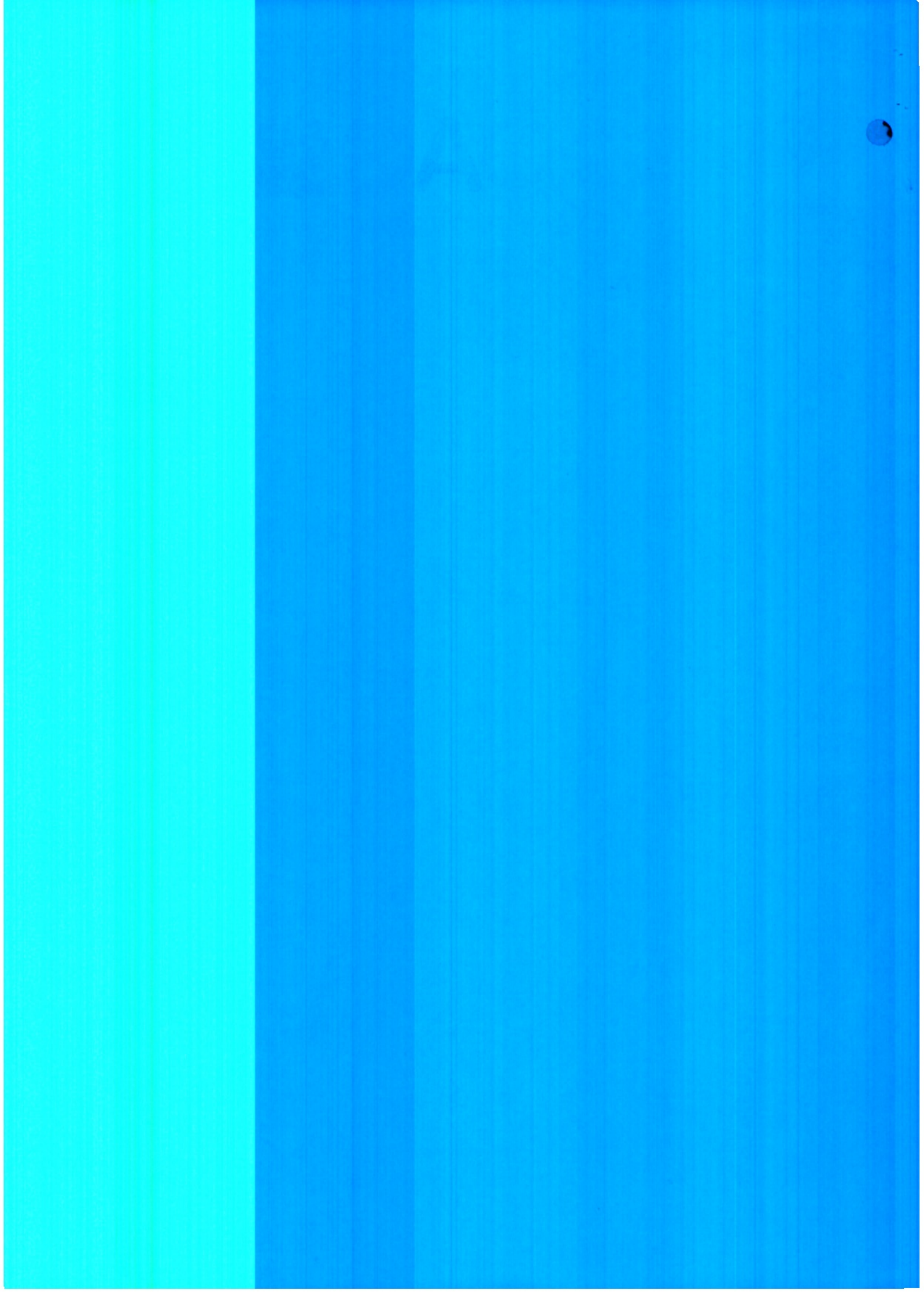
**THIKA LEVEL 5 HOSPITAL**

**FOR THE YEAR ENDED**

**30 JUNE, 2022**

**COUNTY GOVERNEMNT OF KIAMBU**







OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

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**THIKA LEVEL 5 HOSPITAL  
COUNTY GOVERNMENT OF KIAMBU**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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



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**Key Entity Information and Management**

**(a) Background information**

Thika Hospital is a level 5 hospital established under gazette notice number 11837, dated 15<sup>th</sup> November 2007, and is domiciled in Kiambu County. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal mandate of Thika Level 5 Hospital is to provide general and specialized Outpatient and Inpatient services to residents of Thika and the surrounding regions.

The hospital provides a wide array of curative and rehabilitative services, promotion and preventive services, primary health care services, and including specialized services. These include outpatient general and specialized consultation services, laboratory services, dental, radiology, physiotherapy and occupational therapy services, orthopedic /trauma services, palliative care, ENT, ophthalmology services, MNCH, IMCI, casualty and emergency, renal services, ICU, Medical and surgical inpatient services, Paediatrics and NBU services, maternity and postnatal services, Obstetrics and Gynecology inpatient services, Covid-19 inpatient care, and funeral home services.

The Hospital's Vision is to be a world class teaching and referral hospital, with a Mission to provide quality, affordable, and accessible healthcare services to our clients. Our core values include efficiency, integrity, timeliness, transparency, confidentiality, and professionalism.

**(c) Key Management**

The Hospital Management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Ministry of Health



**(d) Fiduciary Management**

The key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Robert Mionki Muchena
2.	Head of finance	Josephine Nyambura Muiruri
3.	Head of supply chain	Josephine Wambui Kamau
4.	Hospital Administration Manager	Eston Mbuthia Karimi
5.	Nursing Services Manager	Atanasio Mbogo Nyaga
6.	Surgery	Dr. Philip Mulingwa
7.	Internal Medicine	Dr. Mbogo David
8.	Laboratory Services Manager	Elizabeth Wamuyu
9.	ENT	Dr. Josephine Wanjahi
10.	Paediatrics	Dr. Lusweti Bernadine
11.	Dermatology	Dr. Macharia Isaac
12.	Dental unit	Dr. Stephen Waweru
13.	Nutrition Department	Lydia Mwangi
14.	Pathology	Dr. Mathaiya John
15.	IPC/Training Coordinator	Beatrice Mwai
16.	Anaesthesia	Angeline Munavu
17.	Biomedical Engineering	Eunice Wamugi
18.	Dr. Catherine Munyendo	Deputy Medical Superintendent
19.	Obstetrics and Gynaecology	Dr. David Chiuri
20.	Physiotherapy Services	Redempta Nzomo
21.	Health Records	Peter Muigai
22.	Radiology services	Catherine Adema
23.	Public Health & Sanitation	Alice Mbugua
24.	Anaesthesia/Critical Care	Dr. Eunice Ngatia
25.	Clinical Medicine and Surgery	Onesmus Musyoka



**(e) Fiduciary Oversight Arrangements**

The following organizations in the hospital are mandated to provide fiduciary oversight over the hospital's financial activities.

1. Department of Health Accounts and Finance Unit

The unit provided general oversight/activities for the hospital's financial commitments during the financial year.

2. Hospital Management Board finance and General Purposes Committee

This committee provided general guidance on the hospital's revenue targets, budgets and expenditure returns during the financial year.

3. Hospital Management Team

The team provided guidance on hospital financial needs and strategies for improved and sustainable financial performance of the hospital.

4. Executive Expenditure Committee

The EEC had the primary responsibility of assessing hospital performance, reviewing hospital revenue capacity and improvement, developing all budget proposals, and expenditure oversight, and reporting in the hospital.

**(f) Entity Headquarters**

P.O. Box 227 – 01000,  
Thika Level 5 Hospital,  
General Kago Road  
Thika, Kenya

**(g) Entity Contacts**

Telephone: (+254 722106797)  
E-mail: [thikal5hospital@gmail.com](mailto:thikal5hospital@gmail.com)

**(h) Entity Bankers**

1. Kenya Commercial Bank

Thika Branch  
KCB Building, Kenyatta Avenue  
P.O. Box271-01000  
Thika, Kenya  
Tel: 0672231669 /0723603623



2. Family Bank Kenya

Thika Branch

Bony Kiumu Building, Uhuru street near post office junction

P.O. Box 354-01000

Thika, Kenya

Email: [thika@familybank.co.ke](mailto:thika@familybank.co.ke)

3. Co-operative Bank of Kenya

Thika –Branch

Co-op Building, Kenyatta Avenue

P.O.BOX 1815-01000

Thika, Kenya

Email: [thikabr@co-opbank.co.ke](mailto:thikabr@co-opbank.co.ke)

(i) **Independent Auditors**

Auditor General

Office of Auditor General

Anniversary Towers,

University Way

P.O. Box 30084

GPO 00100 Nairobi, Kenya

(j) **Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya


(k) **County Attorney**

P.O. Box.2344 – 00900,


Kiambu




1. The Board of Management

Ref	Directors	Details
1.	<p>Dr. Rajinder Kumar Mohindra</p> <ul style="list-style-type: none"> <li>a) Bachelors in Medicine, and Surgery</li> <li>b) Masters in Medicine (Diagnostic Radiology)</li> </ul> 	<p><b>Date of birth:</b> 31<sup>st</sup> January 1963</p> <p><b>Key qualifications and work experience:</b></p> <ul style="list-style-type: none"> <li>a) Consultant Radiologist at Thika District Hospital in 1992 to 2003</li> <li>b) Diagnostic Imaging Clinic at Thika from 2005 – present.</li> <li>c) Founder and Chairman of Dawa Group (1994 – present)</li> </ul> <p><b>Independent/Executive director</b></p> <p><b>Committee of the Member chairing:</b></p> <ul style="list-style-type: none"> <li>a) Board Chairperson Finance and General Purposes</li> </ul>




2.	<p>Prof. Patrick Karanja Ngugi</p> <ul style="list-style-type: none"> <li>a) Ph.D. in Entrepreneurship (Leadership &amp; Management)</li> <li>b) MSc Entrepreneurship (Leadership &amp; Management)</li> <li>c) Bachelor of Business Administration (Finance Option)</li> <li>d) Higher Diploma in Electrical Engineering</li> <li>e) Diploma in Theology</li> </ul> 	<p><b>Date of birth:</b></p> <p><b>Key qualifications and work experience:</b> Jomo Kenyatta University of Agriculture and Technology Nairobi CBD Campus:</p> <ul style="list-style-type: none"> <li>a) Campus Quality Assurance Officer (2017 – To Date)</li> <li>b) Senior Lecturer (SEPLM-EPD) -2008- to date</li> <li>c) Thematic Leader in Entrepreneurship, Leadership and Management – 2016 to date</li> <li>d) Chair of Entrepreneurship, Procurement, Leadership and Management Department (2012-2016)</li> </ul> <p><b>Independent/Executive director</b></p> <p><b>Committee of the Member chairing:</b> Vice Chairperson of the Board</p>
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3.	<p>Rev. David Karethiu Wairimu</p> <ul style="list-style-type: none"> <li>a) Masters in Development Studies (ongoing)</li> <li>b) Bachelor of Divinity</li> <li>c) Diploma in Theology</li> </ul> 	<p><b>Date of birth:</b></p> <p><b>Key qualifications and work experience:</b></p> <ul style="list-style-type: none"> <li>a) Founder and Overseer, Siloam Faith Church International - 2019 to Date</li> <li>b) Vicar/Arch Deacon-Kenyatta Road Parish, Anglican Church of Kenya 2017 – 2018</li> <li>c) Administrative Secretary, Anglican Church of Kenya, 2012 – 2016</li> <li>d) Vicar – Ruiru, Gakui and Juja Parish, Anglican Church of Kenya, 2006 – 2011</li> <li>e) Evangelist, Anglican Church of Kenya, 1999 – 2003</li> </ul> <p><b>Independent/Executive director</b></p> <p><b>Committee of the Member chairing:</b>                  Human resources Advisory Committee</p>
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*Thika Level 5 Hospital (Kiambu County Government)  
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<p>4.</p>	<p>Caroline Mukuhi Mwangi</p> <p>a) Bachelor of Commerce (Entrepreneurship and innovation) (ongoing)</p> <p>b) Certified Public Accountant Kenya Diploma in Human Resource Management</p> 	<p><b>Date of birth:</b> 21<sup>st</sup> June 1990</p> <p><b>Key qualifications and work experience:</b></p> <p>a) Founder and CEO, Kimplanters Seedlings and Nurseries Ltd, 2013 to date</p> <p>b) Founder and Trustee, Carol Kimplanter Foundation, 2021 to date</p> <p><i>Konoike Construction Co. Ltd.</i></p> <p>c) Administrator, April 2014 –July 2016</p> <p>d) Senior Accountant, March 2013 – April 2014</p> <p>e) Junior Administration and Accounts Clerk, February 2011 – March 2013</p> <p><b>Independent/Executive director</b></p>
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5.	<p>Mrs. Gladys Chania Mwangi</p> <ul style="list-style-type: none"> <li>a) BA in Justice and Security studies</li> <li>b) Bachelor of Science in Social Work</li> <li>c) Primary Teacher Education Certificate (PTE)</li> </ul> 	<p><b>Date of birth:</b> 5<sup>th</sup> July 1970</p> <p><b>Key qualifications and work experience:</b></p> <ul style="list-style-type: none"> <li>a) County Co-ordinator, Kiambu TNA, 15th November 2012 – 2016</li> <li>b) Director – Right @ Home Ltd, September 2011 – Up-To-Date</li> <li>c) Administrative Director: – HappyMoment Centre</li> <li>d) Spirit of Faith Children Centre – Ruiru – Centre Administrator In –Charge of Personnel and Donor Funds</li> <li>e) Kenya Red Cross, 1996 To Date</li> <li>f) P1 Trained Classroom Teacher – Ministry of Education – Kenya, 1993/1995</li> </ul> <p><b>Independent/Executive director</b> <b>Committee of the Member</b> <b>Chairing:</b> Quality Assurance Committee</p>
6.	<p>Dr. Robert Mionki Muchena (CEO/Medical Superintendent, Secretary to the Board)</p> <ul style="list-style-type: none"> <li>a) Bachelors in Medicine, and Surgery</li> <li>b) Masters in Medicine (Obstetrics and Gynaecology)</li> </ul>	<p><b>Date of birth:</b> 10<sup>th</sup> July 1975</p> <p><b>Key qualifications and work experience:</b></p> <p><b>Current: Medical Superintendent, Thika Level 5 hospital.</b></p> <p><b>Secretary to the Hospital Management Board</b></p> <p>2020-2021: Deputy Medical Superintendent, Thika Level 5 hospital.</p> <p>2014- Current: Obstetrician/Gynecologist Thika level 5 hospital.</p> <p>2012-2014: Medical Superintendent, Maralal</p>





District Hospital.

2005-2008: Senior Medical Officer, Thika Level 5 Hospital.

2003-2005: Medical Officer in Charge, Kimbimbi Sub-District Hospital.

2002-2003: Medical Officer Kerugoya District Hospital.

2001-2002: Medical Officer Intern, Nyeri Provincial General Hospital.

**Professional Body Affiliations**

- Member, East Central and Southern Africa College of Obstetrics and Gynecology (ECSACOG) -since 2019- as a founder member.
- Member, Kenya Obstetric and Gynecologic Society (KOGS).
- Has been attending all annual scientific congresses since 2014, including the inaugural Africa Federation of Obstetrics and Gynecology (AFOG) regional congress and 39th KOGS scientific Congress held at Safari park hotel Nairobi Kenya, 2015.
- Member, Kenya Medical Association (KMA).



**Management Team**

Ref	Management	Details
1.	<b>Dr. Robert Muchena</b>	Medical Superintendent
2.	<b>Dr. Catherine Munyendo</b>	Deputy Medical Superintendent
3.	<b>Mr. Eston Karimi</b>	Health Administration Manager
4.	<b>Mr. Atanasio Nyaga</b>	Nursing Services Manager
5.	<b>Dr. Hellen Mwangeli</b>	Pharmacy Services Manager
6.	<b>Mrs. Josephine Nyambura</b>	Accounts & Finance Manager
7.	<b>Mrs. Josephine Kamau</b>	Procurement & Supply Chain Manager
8.	<b>Onesmus Musyoka</b>	Clinical Officer in-charge
9.	<b>Elizabeth Wamuyu</b>	Laboratory Manager
10.	<b>Catherine Adema</b>	Radiology Unit In-charge
11.	<b>Dr. Waweru Chege</b>	Dental Unit In-charge
12.	<b>Dr. Philip Mulingwa</b>	Surgery Unit In-charge
13.	<b>Peter Muigai</b>	Health Records In-charge
14.	<b>Dr. David Mbogo</b>	Internal Medicine



*Thika Level 5 Hospital (Kiambu County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**IV: Chairman's Statement**

Following the enactment in law of the Kiambu County Health Services Bill 2019, a County and a Sub-County Hospital shall be governed by a Board appointed by the Executive Member and approved by the Governor. I take this auspicious moment to thank the Governor for the appointment to serve in Thika Level Five Hospital Board, and in extension being voted in as the Chairman of the Board of Management, by colleague nominees, sums up the confidence the board members have in my leadership within and in extension out of the hospital periphery following the gazette order by the CECEM-HS on 16<sup>th</sup> April 2021. This being the second year in service running 2021-2022 below are the highlights on various engagements, accomplishments, challenges and recommendation's: -

**ACHIEVEMENTS**

- ✓ Reactivation of the partnership working agreement between MKU, TITI, KMTC and PRISONS,
- ✓ Held the 1<sup>st</sup> Kamukunji (customer service day) where employee satisfaction survey were also done
- ✓ Formation of Hospital technical team baseline review with Price Waterhouse Coopers (PWC)
- ✓ Collectively in consultations with the county arms of governance in health and finance have managed to open a Facility Improvement Fund {FIF} Account where revenue have been accumulated from February 15<sup>th</sup> 2022 to date.
- ✓ The Hospital has managed to register the hospital Foundation, where the HMT and BOD are structuring policy guidelines and sourcing strategies to envision.
- ✓ We have managed to resurvey the hospital land in affirmation of land parcel, redone the topo cadastral map, amalgamated 2 acres hived off the land and processed the hospital title with the land where the ministry of finance treasury are the trustees to the hospital as per the hospital guidelines.
- ✓ We constituted a sub-committee working on the hospital master planning which will be done within the year 2022-2023, where access alternative routes and parking reconfiguration, have been identified to curb congestion, further a proposal for development will be tabled for consideration on financing to better quality care, service delivery and increased revenue in the hospital to its self-sustainability.
- ✓ We have managed to do a SWOT analysis for the Health system for the Hospital outlining strengths, weaknesses, opportunities and threats being a guiding principle to the HMT/BOD on areas of action and improvement.
- ✓ We have done a through survey of the reproductive health unit, with recommendations on area of concern on improvements, maintenance and staffing for planning and budgeting.



- ✓ We have managed to hold joint consultative meeting with the County Public Service Board (CPSB), HMI and BOD in an aim of breaking loose the staffing bottle neck which yielded 10 new postings in the hospital.
- ✓ We managed to hold joint NHIF, HMT & BOD meeting seeking assistant and training of staff by NHIF. This has yielded timely booking of claims and reconciliations thus increased revenue, timely payment and capitations boosting service delivery and quality health care.
- ✓ With the year we held a diabetes clinic visit, which yielded:
  - Trainings on podiatrists, doctors and educator nurses from Dr. Kirtida Acharya and Doc ARV Kalsi.
  - Donations of, a television, educational materials and assorted drugs on diabetes management from DAWA group through Martin,
  - Donations of SGLT 2 machine from Harleys through Doc Raju Mohindra to the RHU Theatre and a HBA1C machine for the DCC.
  - Donations of 10 diabetes screening glucometers by Doc ARV Kalsi
- ✓ Within the year we have held an ophthalmology clinic visit, which yielded:
  - A pledge on donations of Kshs 15M from the shah community, directed to infrastructure expansion and equipment.
  - A donation of a cataract surgical set, and an Ophthalmoscope combined with retinoscopy from Mr. Shanket of the shah community.
- ✓ Within the year we have also secured Donations to the hospital from Lab flow C/O Kyle
  - Urine stripes, HIV test kits, preeclampsia test, Typhoid test, Antigen Covid test and Covid PCR test.
- ✓ We managed to secure a donation of Kshs 15Million for the Shah community, the arrangement id at advanced stage aimed at expanding and equipping the ophthalmology unit and equipping it.
- ✓ We are pursuing also a donation of Kshs 30Million from Manu Chandaria Foundation through the Thika cancer care unit to also expand the cancer section and equip the unit upon receipt.

## **CHALLENGES**

- ✓ 20% retention of the hospital's user fees generated is too high, in lieu of the high pending bills.
- ✓ FIF account, BOD representation on operationalization, expenditure and utility approval guidelines.
- ✓ Staffing in the hospital on attritions non replacement in spite of the ratio to patient being low.
- ✓ Utilization of casual on revenue streams lacking absolute Level of answerability.



- ✓ Weighty Pending bills to the tune of 352M majority from the previous management.
- ✓ Delay in disbursement of the Refund to the hospital from the county government arm of public health.
- ✓ Delay in supply of essential, drugs and surgical items.
- ✓ Non computerization of revenue collection points on most of the streams leading to loss of revenue, through undocumented patients or delayed claims of treatments upon discharge.

### **RECOMMENDATIONS**

A review on all the challenges above with the relevant departments of the county with:-

1. County Chief Officer and CEC- Finance and Health Services- Review of the revenue sharing formulae in consultation with the BOD.
2. Replacing the permanent employees of the county on confirmation of the acting in capacity.
3. County Chief Officer and CEC- Finance and Health Services to Structure a settlement plan with - Conditional grant from National Government
4. County Chief Officer and CEC- Finance and Health Services - Timely disbursement of resources
5. County Chief Officer and CEC- Finance and Health Services timely payment of the suppliers to avoid complains and loss of revenue by patients choosing other hospitals from TL5H.
6. Computerizations of systems and training of staff on the steams for proper usage and documentations.
7. It's evident that revenue generated is used as a revolving fund on recurrent expenditure, i.e. operations and supplies to the hospital which in fact is not self-sufficient nor sustainable in the current formulae with 20% retention, for the hospital to incur cap-ex' on an improvement project, conditional grants should be sought collectively with donations from well-wishers.



## **V: Report of The Chief Executive Officer**

Having come to an end of a financial year, we can now reflect on our successes and challenges to enable us focus on the way forward in a clearer manner. 2021-2022 financial year was a challenging year bearing in mind that we are just emerging from a Covid-19 pandemic which strained our resources in a very significant way.

We however managed to emerge from this situation stronger in terms of experience especially in disaster management. Our institution managed to handle many number of Covid-19 cases with other patients referred to Tigoni hospital which was the main Covid center.

### **Infrastructure**

The facility infrastructure has greatly improved significantly. We increased our operating theatres from 3 to five having operationalized 2 more theatres at the Reproductive health unit. We installed a que management system at the outpatient department on trial basis, which became a success. Extension to other departments is our next step.

The hospital title deed was finally acquired and a master plan is being prepared with the aim of finalizing this in the financial year 2022-2023.

A key challenge currently is the opening up a road linking the hospital to the other roads in Thika town through the Prisons land. This will ease congestion at the main gate and enable smooth movements especially during emergency situations. This however will be completed within FY 2022/2023.

We have set a budget of Ksh. 3 million for CCTV installation to prime areas in the financial year 2022-2023.

### **Revenue Collection and Allocation**

The facility managed to collect Ksh. 241.6 million from July 2021 to February 2022. FIF fund account was finally operationalized from 15<sup>th</sup> February 2022, through which we managed to collect 136.9 million and utilized the same by 30<sup>th</sup> June 2022. The facility also received a total Grant of 11 million in the same period up to January 2022. The issuance of conditional grant however has not been done since operationalization of FIF fund. With new financial arrangement, the financial future looks bright and will help in settling part of our debts which currently stands at Ksh.359 million.

### **Supply of Pharmaceutical and Non- Pharmaceutical Commodities**

There has been an inadequate supply of pharmaceuticals and non-pharmaceutical commodities due to erratic disbursement of Facility Improvement Funds in the past, before the operationalization of FIF Act



in February 2022. The situation however improved hence forth, with a total of Kshs.136.9 million so far being utilized from the fund itself. We also managed to get supplies from the national government, partners like Equity bank among others during the pandemic, which reduced stock out episodes. Continuous engagement with suppliers enabled continued supply despite these challenges.

### **Human Resource**

Human resource remains a challenge in all the departments over the years. This greatly had a negative impact to our service delivery. We have a long way to go into meeting the WHO recommendations. We however, continuously engaged with County Public Service Board and an agreement was reached to at least employ to cover for natural attrition. The hospital submitted names of workers employed on casual basis and short term contracts to be absorbed into the permanent and pensionable basis. This is an ongoing process.

### **Health Management Information System**

Health Management Information System (HMIS) plays a vital role in patient care and data capturing which enables evidence based decision making. A total of 5 computer units were added to enable expansion of paperless services in the OPD with a plan to eventually cover the whole hospital.

### **Leadership and Governance**

With inauguration of hospital board, we have managed to achieve a lot in terms of infrastructure and collaboration with other partners. We plan to have a reward system for the best performing hospital workers and departments in the financial year 2022-2023. There has been continuous support supervision from the county health management team, stakeholder forums, hospital board and the facility health management team. On job trainings, mentorship and career growth and development has been ongoing. This being a training facility, we have a large number of workers on further training in various institutions across the country and we continue to receive many students on training.

### **Public Private Partnerships**

In 2021/2022 financial year, we collaborated with various partners in terms of training, commodity management, human resource, research and training. We received equipment like operating tables, suckers, beds, glucometers, Pharmaceutical and non-pharmaceutical products courtesy of our Hospital board members. Our collaboration with partners like Shah Community, Partners in prevention, Penta flowers, Equity, Mt Kenya University, and University of Nairobi among many others has greatly benefited us during this time and is still continuous.



### **Going Forward**

In the financial year 2022/2023 we plan to invest in areas like hospital infrastructure in terms of renovations, expansion of our ICU in terms of beds to admit pediatric cases, and addition of dialysis machines. We also plan to increase own source revenue to Kshs.40 million per month by incorporating new service charges otherwise not previously charged as per the county hospital charges regulations, sealing of loop holes in cash collections, NHIF enrolment campaigns to our patients and ensuring no stock outs.

### **Appreciation**

We appreciate the strong support from Kiambu County Government, partners, stakeholders and hospital workforce as we continue to play our role in delivering affordable, acceptable, and quality health care to attain universal health coverage.



**VI. Statement of Performance Against Predetermined Objectives**

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the Hospital’s performance against predetermined objectives. The Hospital has 6 strategic pillars and objectives within the current Strategic Plan for the FY 2021-2022. These strategic pillars are as follows;

Health Systems Strategic Pillar	Objectives
Service Delivery	Eliminate communicable conditions
Human Resources for Health	Halt and reverse increasing burden of non-communicable conditions
Health Infrastructure	Reduce the burden of violence & injuries
Health Information	Provide essential medical services
Health Products, Vaccines & Technologies	Minimize exposure to health risk factors
Leadership & Governance	Strengthen collaboration with health-related sectors

The hospital develops its annual work plans based on the above six pillars and objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2020/2021 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Service Delivery</b>  <b>Human Resources for Health</b>  <b>Health Infrastructure</b>  <b>Health Information</b>	Eliminate communicable conditions	As detailed in the Annual Work Plan 2021-2022	<ul style="list-style-type: none"> <li>● Enhance health education</li> <li>● Procurement and distribution of required health products and resources</li> <li>● Data collection analysis and information dissemination</li> <li>● Quarterly coordination meetings Ensure consistency of IPC resources</li> <li>● Advocate for more funds</li> <li>● Health education for health care workers and public sensitization and empowerment</li> </ul>	As detailed in the Annual Performance Review Report 2021-2022



			<ul style="list-style-type: none"> <li>• Advocate for space for an isolation ward of other communicable conditions</li> <li>• Improve infrastructure</li> <li>• Regular maintenance of machines/equipment</li> </ul>	
	Halt and reverse increasing burden of non-communicable conditions	As detailed in the Annual Work Plan 2021-2022	<ul style="list-style-type: none"> <li>• Patient education</li> <li>• Start a cancer treatment center</li> <li>• Regular medical camps</li> <li>• Capacity building to HCWs and general public</li> <li>• Provision and maintenance of diagnostic equipment</li> <li>• Lobby for more specialist</li> <li>• Support for open days and CMEs</li> <li>• Lobby and follow up the proposed space for gym</li> <li>• Basic screening tools, equipment's and standardized schedules</li> <li>• Support for electrotherapy modalities, rehabilitative support, ambulatory aids etc.</li> <li>• Improve infrastructure</li> </ul>	As detailed in the Annual Performance Review Report 2021-2022
	Reduce the burden of violence & injuries	As detailed in the Annual Work Plan 2021-2022	<ul style="list-style-type: none"> <li>• Expand accident and emergency department</li> <li>• Training on emergency preparedness and planning</li> <li>• Capacity building in disaster management</li> <li>• lobby for more staffs</li> <li>• health promotion and education on violence/injuries</li> </ul>	As detailed in the Annual Performance Review Report 2021-2022
<b>Health Products, Vaccines &amp;</b>	Provide essential medical services	As detailed in the Annual	<ul style="list-style-type: none"> <li>• lobby for more staffs</li> <li>• improve infrastructure</li> </ul>	As detailed in the Annual Performance



<b>Technologies</b>		Work Plan 2021-2022	<ul style="list-style-type: none"> <li>• procurement of required health products</li> <li>• resource mobilization</li> <li>• improve documentation and data collection</li> </ul> monitoring rational use of health products	Review Report 2021-2022
	Minimize exposure to health risk factors	As detailed in the Annual Work Plan 2021-2022	<ul style="list-style-type: none"> <li>• Planting of trees within the incineration areas</li> <li>• Regular repair of existing incinerator</li> <li>• Construction of a new incinerator Replace the broken drains</li> <li>• Repair the broken manhole</li> <li>• Procure unblocking rods</li> </ul>	As detailed in the Annual Performance Review Report 2021-2022
<b>Leadership &amp; Governance</b>	Strengthen collaboration with health-related sectors	As detailed in the Annual Work Plan 2021-2022	<ul style="list-style-type: none"> <li>• Re-establish and enhance collaboration between TL5H and key partners such as Mt. Kenya University, Shah Community</li> <li>• Undertake annual stakeholders meetings</li> </ul>	As detailed in the Annual Performance Review Report 2021-2022



## VII Corporate Governance Statement

The Hospital is governed by a Hospital Management Board (HMB). The HMB's roles includes to provide oversight over the hospitals operations, promote the development of the hospital, recommend plans and programs for implementing the county health strategies in the hospital; recommend budget estimates, establishing a hospital-community participation and feedback platform, assessing the delivery of services at the Hospital, monitoring the hospitals performance against set targets and advice the Executive Member.

The current Board of six members was gazetted on 24<sup>th</sup> March 2021, under gazette notice number 3616, by the County Executive Committee Member for Health Services. The composition, criteria, terms of service, responsibilities, conduct of business, and removal from office are stipulated in details in Section 19 of the Kiambu County Health Services Act no. 2 of 2019.

Since induction into office on 17<sup>th</sup> June 2021, the Hospital Board has held a total of 9 full board meetings, 11 board committees and technical working groups meetings, during the financial year 2021-2022. Some of the board's notable achievements include:

	<b>Achievement description</b>	<b>Date/period</b>	<b>Remarks</b>
1.	TL5H HMB inducted in office by the CECM-HS, in presence of the HMT  The HMB established its operational framework on the same day, in its first meeting, forming three operational committees	17 <sup>th</sup> June 2021	The HMB was gazetted by the CECM-HS on 24 <sup>th</sup> March 2021
2.	Reactivation of the HMT/HMB/MKU joint implementation team for spearheading review and implementation of the MKT/TL5H MOA	14 <sup>th</sup> July 2021	This paved way for reestablishment of deliberations to enhance the partnership between the two institutions
3.	Undertook first customer service day, in two years.  Development of tools for undertaking employee satisfaction surveys	23 <sup>rd</sup> August 2021	147 clients visited the hospital desk to share their key views on the performance of the hospital



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4.	Reactivation of key partnerships with stakeholders, to support organizational development. Incl: MP Shah, Lions First Sight Hospital, Round Table, Vision Without Borders, Dawa Life Sciences, for improved benefits in areas incl; Infrastructure development support, strategic development mentorship	1 <sup>st</sup> March 2021 6 <sup>th</sup> July 2021 22 <sup>nd</sup> March 2022	Sponsorships obtained for; a) Renovation and equipping of the Eye Unit b) Renovation and equipment of an Ortho/trauma and emergencies theatre c) Equipping of an RHU theatre d) Renovation and equipping of DCC
			Benchmarking meeting with; MP Shah, Coast General, and Nakuru L5 Hospitals
5.	Formation of a technical team on Hospital strategic framework development, baseline review by Price Water House Coopers, for strategic orientation	18 <sup>th</sup> August 2021	a) PWC report developed b) Technical meeting on strategy development ongoing c) Awaiting first draft development
6.	Concept development and adoption for Thika Hospital Foundation	24 <sup>th</sup> August 2021 18 <sup>th</sup> January 2022	Registration completed in June 2022
7.	Client satisfaction/exit survey undertaken	2 <sup>nd</sup> -3 <sup>rd</sup> August 2021	Report shared at the HMT/HMB/Staff forum on 4 <sup>th</sup> August 2021, for discussion and decision making
8.	Special HMB HR Advisory Committee on review of medical specialists services/performance, and identification of key performance impediments	26 <sup>th</sup> October 2021	Reviewed surgeons' theatre performance report for 1 <sup>st</sup> January to 25 <sup>th</sup> October 2021. Continuous monitoring of performance and monthly feedback on specialized services recommended.



9.	Establishment of a technical team on development of a hospital master plan, and acquisition of a title deed for the hospital land	18 <sup>th</sup> October 2021 17 <sup>th</sup> November 2021 January 2022	Title/Lease deed produced and acquired.
10.	Undertook Christmas festivities for Pediatrics Inpatient Ward, entertained and gifted mothers and babies in the ward	23 <sup>rd</sup> December 2021	Organized by the HMT/HMB, in partnership with partners of goodwill
12.	Lobbying for deployment of key critical care HRH, for delivery of quality ICU services; through the County Public Service Board	30 <sup>th</sup> November 2021	Posting of critical care Clinical officers and nurses, as well as an Anesthetist. Other technical officers also posted by the CPSB as at June 2022.
13.	Activation of a joint clinical partnership framework with universities offering medical course, using the hospital for training and research purposes	14 <sup>th</sup> December 2021	Harmonization of master rotations between the hospital and the universities.
14.	Sustained lobbying for implementation of the HFIF account, as provided for by the KCG Health Services Act 2019	July – December 2021 January – February 2022	Account established and activated on 17 <sup>th</sup> February 2022 County Workshop for development of guidelines held between 7 <sup>th</sup> -11 <sup>th</sup> March 2022



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15.	HMB working teams' reports developed:		Reports generated by the secretariat for informing HMB deliberations on concerned matters
	a) Situational report on the health system status at TL5H	17 <sup>th</sup> June 2021	
	b) Reviewed MOA for MKU/TL5H	23 <sup>rd</sup> August 2021	
	c) SWOT analysis report on the health system at TL5H	19 <sup>th</sup> August 2021	
	d) Status and progress reports on acquisition of land title deed and development of a master plan for the hospital	1st October 2021 3 <sup>rd</sup> December 2021	
	e) Staff/workload baseline assessment report for Laboratory and ICU	20 <sup>th</sup> September 2021	
	f) Report on issues and recommendations raised at the HMT/HMB/Staff engagement forums on 4 <sup>th</sup> August 2021	6 <sup>th</sup> August 2021	

The Hospital's Board is remunerated a sitting, meal/lunch, and transport allowances at a rate of Kshs. 8,500, and Kshs. 6,000, for the Chairperson and member respectively. During this reporting period, the hospital paid a total of KShs. 394,000. The board members conduct of business is regulated as guided by the CECM-HIS, the appointing authority. The Board has tenure of three years, renewable once.

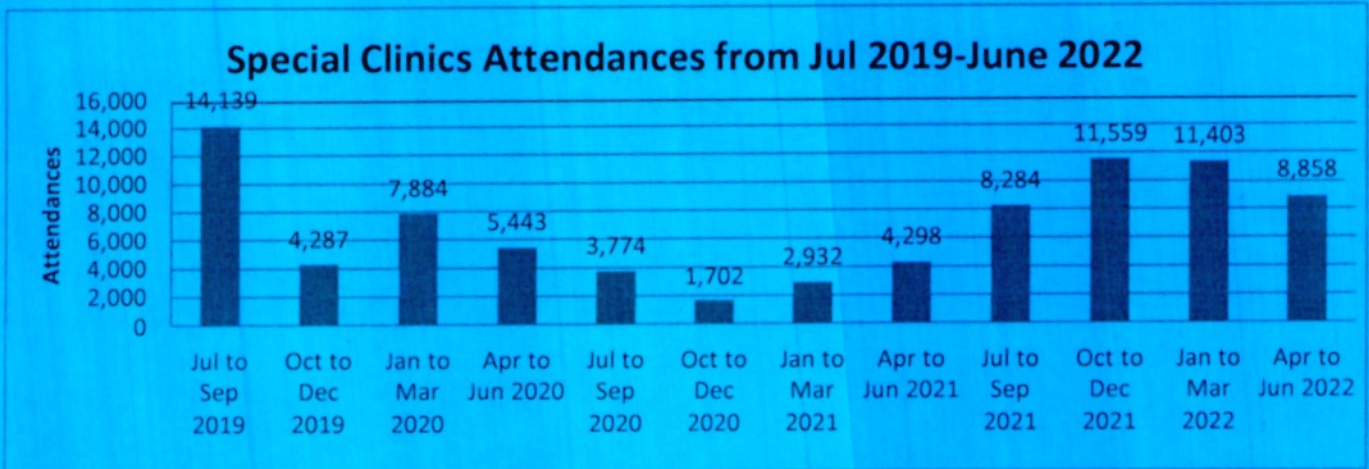


**VII: Management Discussion and Analysis**

**Clinical/operational performance**

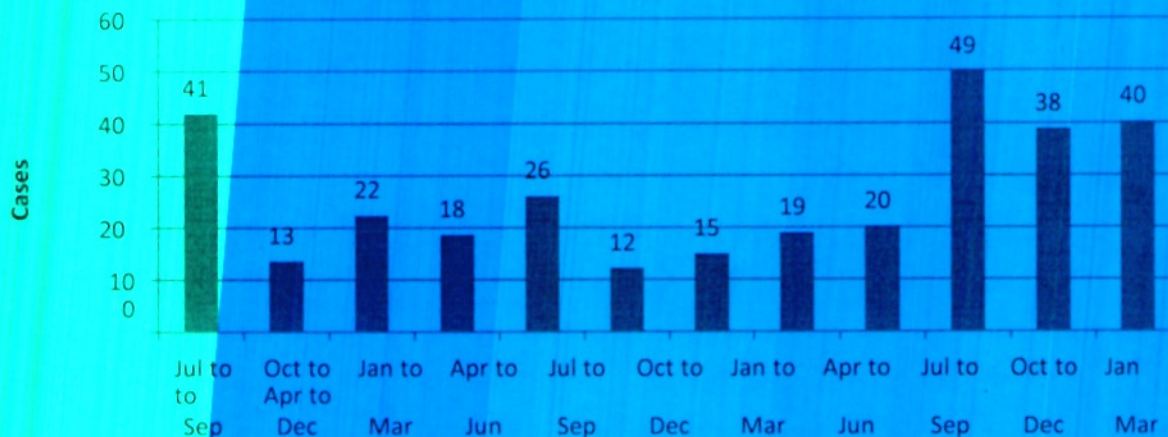
With over 487 health care and support workers, the hospital provides a wide array of curative and rehabilitative services, promotion and preventive services, primary health care services, and including specialized services.

During this report period, the hospital provided services as presented below.





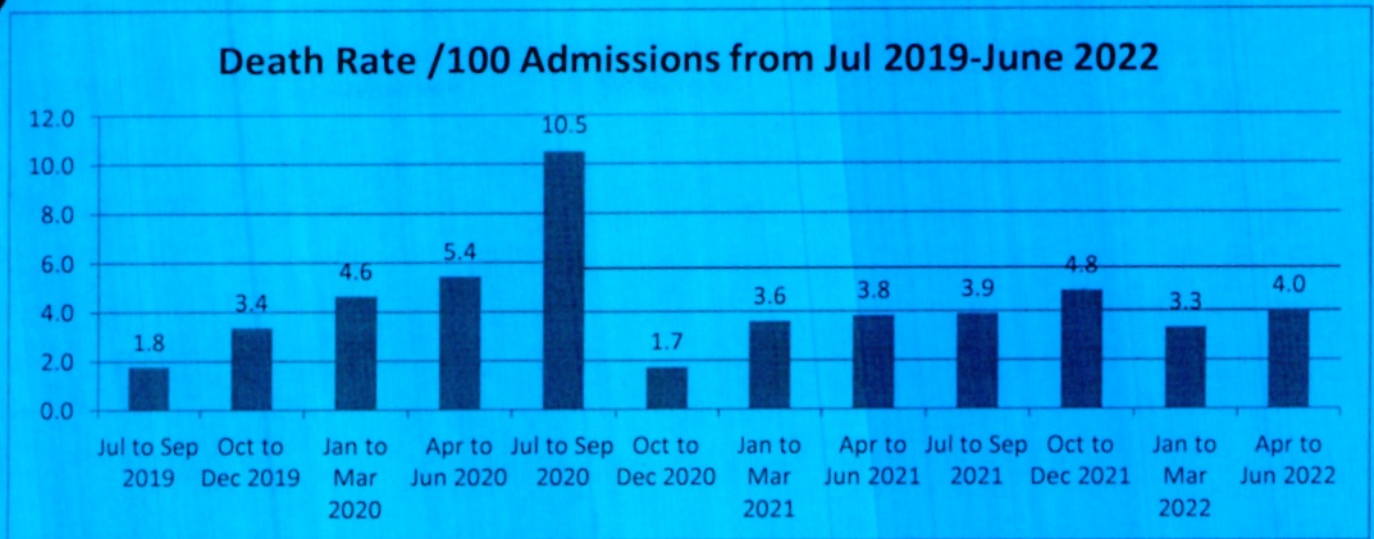
### Surgical cases from Jul 2019-June



### Admissions from Jul 2019-June



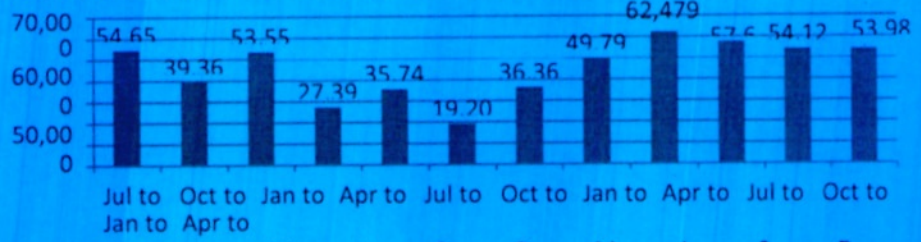






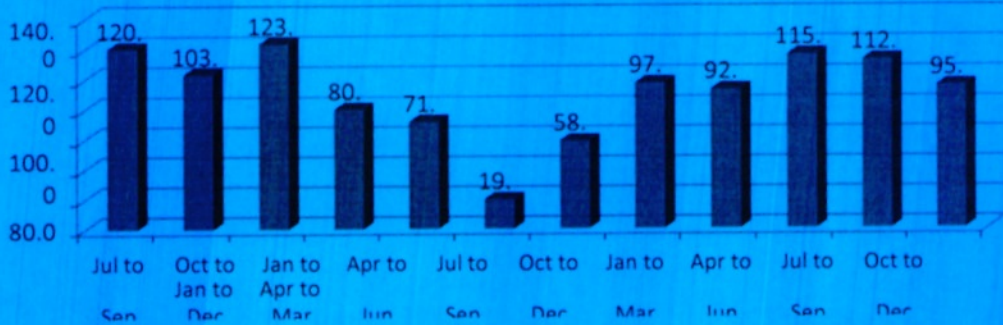
No. of Attendances

General outpatients from Jul 2019-June



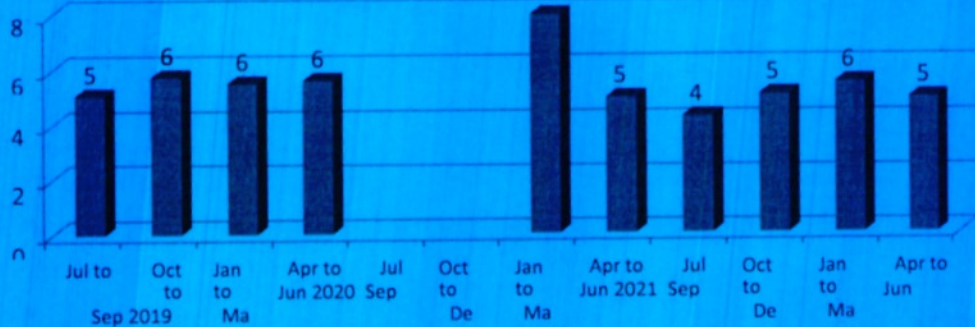
BOR (%)

Bed occupancy rate Jul 2019-June



No. of Days

Average length of stay Jul 2019-June 2022





**X: Financial performance**

The Hospital has invested well in financial and operational control systems to enable better revenue collection and administration. These include expansion of NHIF operations centers to improve efficiency – from one to five areas, following a thorough review of our billing processes to ensure that we don't lose revenue through non-collection, under-billing, or corruption activities.

The hospital's own source revenue has steadily improved from 22.4 million to 30.3 million per month within this period of reporting. This is equivalent to a 35% increase in revenue, as demonstrated in the table below. The hospital had an annual budget of 360 million for the financial year June 2021/July 2022.

FY 2020/2021				FY2021-2022			
ACTUALS REVENUES COLLECTED				ACTUALS REVENUES COLLECTED			
	Cash Revenue	Nhif Collections	Total Revenue		Cash Revenue	Nhif Collections	Total Revenue
Jul-20	14,005,777	15,044,110	29,049,887	Jul-21	20,932,994	10,662,908	31,595,902
Aug-20	14,331,465	12,083,529	26,414,994	Aug-21	19,261,228	10,473,656	29,734,884
Sep-20	12,364,191	10,025,789	22,389,980	Sep-21	21,345,250	10,713,036	32,058,286
Oct-20	7,546,696	5,725,910	13,272,606	Oct-21	18,143,539	10,255,265	28,398,804
Nov-20	13,396,710	10,805,535	24,202,245	Nov-21	18,803,238	13,356,536	32,159,774
				Dec-			



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Dec-20	8,649,302	5,877,458	14,526,760	21	16,810,420	11,790,046	28,600,466
Jan-21	3,352,616	725,000	4,077,616	Jan-22	19,439,564	8,930,178	28,369,742
Feb-21	11,206,198	2,127,435	13,333,633	Feb-22	18,260,735	12,485,478	30,746,213
Mar-21	20,751,143	10,506,017	31,257,160	Mar-22	21,039,076	9,724,890	30,763,966
Apr-21	20,751,143	13,916,551	34,667,694	Apr-22	18,387,234	9,367,019	27,754,253
May-21	17,431,030	9,479,455	26,910,485	May-22	18,647,236	14,201,177	32,848,413
Jun-21	19,585,990	9,500,000	29,085,990	Jun-22	19,102,057	11,133,815	30,235,872
<b>TOTAL</b>	<b>163,372,261</b>	<b>105,816,789</b>	<b>269,189,050</b>	<b>TOTAL</b>	<b>230,172,571</b>	<b>133,094,004</b>	<b>363,266,575</b>

**X: Report of The Board of Management**

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

**Principal activities**

The principal activities of the Hospital are as explained on page ii.

**Results**

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







**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**

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



**XIX: Appendices**

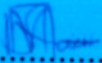
**Appendix 1: Progress on Follow Up Of Auditor Recommendations**

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**



**49. Currency**

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



*Notes to the Financial Statements (Continued)*

**44. 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)*

**45. Contingent Liabilities**

<b>Contingent Liabilities</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case xxx against the company		
Bank guarantees in favour of subsidiary		
<b>Total</b>		

**46. Capital Commitments**

<b>Capital Commitments</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For		
Authorised And Contracted For		
<b>Total</b>		

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**47. Events After The Reporting Period**

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

**48. Ultimate And Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry Its ultimate parent is the Government of Kenya.



*Notes to the Financial Statements (Continued)*

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx		
Sales of services to xxx		
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
<b>Total</b>		



*Notes to the Financial Statements (Continued)*

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

**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	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/ <i>(excess cash and cash equivalents)</i>		
<b>Gearing</b>		

**43. 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.

**Government of Kenya**

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



**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2021</b>			
Euro			
USD			
<b>2022</b>			
Euro			
USD			

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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



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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	Kshs
<b>At 30 June 2022</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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



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Trade payables	285,800,320		
Current portion of borrowings			
Provisions			
Deferred income			
Employee benefit obligation			
<b>Total</b>	<b>285,800,320</b>		

**(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.



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Receivables from –non-exchange transactions				
Bank balances	7,411,681			
<b>Total</b>	<b>198,990,847</b>			

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

The board of management sets the company’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>				
<b>At 30 June 2022</b>				



#### 42. 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 2021				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
<b>Total</b>				
At 30 June 2022				
Receivables from exchange transactions	191,579,166			



*Notes to the Financial Statements (Continued)*

**40. Service Concession Arrangements**

Description	2021/22	2020/21
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**41. Cash Generated from Operations**

DESCRIPTION	2021/22	2020/21
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(60,928,109)</b>	
<b>Adjusted for:</b>		-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(4,360,141)	-
Increase in receivables	(48,372,621)	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(104,940,589)</b>	-



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

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

### 39. Borrowings

Description	2021/22 KShs	2020/21 KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

### 39(a) Breakdown of Long- And Short-Term Borrowings

Description	2021/22 KShs	2020/21 KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-



**35. Refundable Deposits from Customers/Patients**

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others ( <i>specify</i> )	732,565	-
<b>Total deposits</b>	<b>732,565</b>	<b>-</b>

**36. Provisions**

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

**37. Finance Lease Obligation**

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**38. Deferred Income**

Description	2021/22	2020/21
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22	2020/21
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

33. Investment Property

Description	2021/22	2020/21
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	-	-
At end of the year	-	-

34. Trade and Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	187,451,413	-
Employee dues	12,909,710	-
Third-party payments (unremitted payroll deductions)	-	-
Audit fee		
Doctors' fee		-
<b>Total trade and other payables</b>	<b>200,361,123</b>	<b>-</b>



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Disposals	-	-	-				-	-
Impairment	-	-	-				-	-
Transfer/adjustment	-	-	-				-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-				-	-
	-	-	-				-	-
<b>Net book values</b>	-	-	-				-	-
At 30 <sup>th</sup> June 2021	-	-	-				-	-
At 30 <sup>th</sup> June 2022	-	-	-	4,304,821	630,000	2,621,470	-	7,556,291.00

notes

An Asset Register has been attached as most assets have not been valued to ascertain the value of their Carrying Amounts and The Depreciation



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Description	Land	Buildings and Civil works	Motor vehicles	medical Equipment	Furniture	computers	Capital Work in progress	Total
	Shs		Shs				Shs	Shs
<b>Cost</b>								
At 1 July 2020	-	-	-				-	-
Additions	-	-	-				-	-
Disposals	-	-	-				-	-
Transfers/adjustments	-	-	-				-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-	-	-	-
At 1 <sup>st</sup> July 2021	-	-	-				-	-
Additions	-	-	-	4,304,821	630,000	2,621,470	-	7,556,291
Disposals	-	-	-				-	-
Transfer/adjustments	-	-	-				-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	<b>4,304,821</b>	<b>630,000</b>	<b>2,621,470</b>	-	<b>7,556,291</b>
<b>Depreciation and impairment</b>								
At 1 July 2020	-	-	-				-	-
Depreciation for the year	-	-	-				-	-
Disposals	-	-	-				-	-
Impairment	-	-	-				-	-
<b>At 30 June 2021</b>	-	-	-				-	-
At July 2021	-	-	-				-	-
Depreciation	-	-	-				-	-



**29. Receivables From Non-Exchange Transactions**

Description	2021/22	2020/21
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**30. Inventories**

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	15,344,569	-
Maintenance supplies		-
Food supplies		-
Linen and clothing supplies		-
Cleaning materials supplies		-
General supplies	2,980,503	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>18,325,072</b>	<b>-</b>

**31. Property, Plant and Equipment**



Notes to the Financial Statements (Continued)

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank-FIF		183	-
Kenya Commercial bank-NHIF		7,367,756	-
Family Bank		43,742	-
			-
<b>Sub- total</b>		<b>7,411,681</b>	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>7,411,681</b>	-

28. Receivables from Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Medical services receivables(NHIF,COUNTY/FUND)	191,579,166	-
Rent receivables	-	-
Other exchange debtors		-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>191,579,166</b>	-



26. Impairment Loss

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
<b>Total impairment loss</b>	-	-

27. Cash And Cash Equivalents

Description	2021/22	2020/21
	KShs	KShs
Current accounts	7,411,681	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>7,411,681</b>	-



**22. Finance Costs**

Description	2021/22	2020/21
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	-	-

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

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
<b>Total gain on sale of assets</b>	-	-

**24. Unrealized Gain on Fair Value Investments**

Description	2021/22	2020/21
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	-	-

**25. Medical Services Contracts Gains /Losses**

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	14,075,363	-
<b>Total Gain/Loss</b>	<b>14,075,363</b>	-



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**21. General Expenses**

Description	2021/22	2020/21
	KShs	KShs
Advertising and publicity expenses	274,920	-
Catering expenses	1,131,820	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	30,594	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	57,129,858	-
Electricity expenses	15,510,996	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	164,300	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	5,373,550	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	6,754,297	-
Skills development levies	-	-
Telephone and mobile phone services	725,141	-
Internet expenses	571,358	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Other Expenses	17,064,627	-
20%fund account expenses	30,803,476	-
<b>Total General Expenses</b>	<b>135,534,937</b>	<b>-</b>



**19. Repairs and Maintenance**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Property- Buildings	5,173,112	-
Medical equipment	58,000	-
Office equipment/Other Equipments	2,403,272	-
Furniture and fittings	-	-
Computers and accessories	169,750	-
Motor vehicle expenses	418,814	-
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>8,222,948</b>	<b>-</b>

**20. Grants and Subsidies**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies	-	-
<b>Total grants and subsidies</b>	<b>-</b>	<b>-</b>



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**16. Employee Costs**

Description	2021/22	2020/21
	KShs	KShs
Salaries, wages, and allowances	797,008,110	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>CASUAL WAGES</i> )	45,994,746	-
<b>Employee costs</b>	<b>843,002,856</b>	-

**17. Board of Management Expenses**

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	394,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>394,000</b>	-

**18. Depreciation and Amortization Expense**

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>



**13. Finance /Interest Income**

Description	2021/22	2020/21
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	-

**14. Other Income**

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
<b>Total other income</b>	-	-

**15. Medical/ Clinical Costs**

Description	2021/22	2020/21
	KShs	KShs
Dental costs/ materials	1,702,489	-
Laboratory chemicals and reagents & Renal	36,323,602	-
Public health activities	250,000	-
Food and Ration	22,595,904	-
Uniform, clothing, and linen	197,240	-
Dressing and Non-Pharmaceuticals (and covid supplies)	169,590,845	-
Pharmaceutical supplies	32,690,175	-
Health information stationery	5,373,550	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	3,453,500	-
Purchase of Medical gases	12,334,365	-
X-Ray/Radiology supplies	18,987,972	-
Other medical related clinical costs (Orthopaedic implants)	8,466,000	-
<b>Total medical/ clinical costs</b>	<b>311,965,642</b>	-



**10 (a) Reconciliations of amortised grants**

Description	2021/22	2020/21
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

**11. Rendering of Services-Medical Service Income**

Description	2021/22	2020/21
	KShs	KShs
Pharmaceuticals	26,673,431	-
Non-Pharmaceuticals	-	-
Laboratory	40,478,129	-
Radiology	44,623,817	-
Orthopedic and Trauma Technology	9,759,881	-
Theatre	13,452,237	-
Accident and Emergency Service	6,908,792	-
Anesthesia Service	-	-
Ear Nose and Throat service	1,327,400	-
Nutrition service	214,661	-
Cancer centre service	-	-
Dental services	3,586,000	-
Reproductive health	4,924,632	-
Paediatrics services	8,338,923	-
Farewell home services	21,465,430	-
Other medical services income	50,063,495	-
NHIF income	152,712,584	-
<b>Total revenue from the rendering of services</b>	<b>384,529,412</b>	<b>-</b>

**12. Revenue from Rent of Facilities**

Description	2021/22	2020/21
	KShs	KShs
Residential property	-	-
Commercial property	121,000	-
<b>Total Revenue from rent of facilities</b>	<b>121,000</b>	<b>-</b>



8. Grants from Donors and Development Partners

Description	2021/22	2020/21
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )AMREF GLOBAL	119,250	-
<b>Total grants from development partners</b>	<b>119,250</b>	-
<i>(Provide brief explanation for this revenue)</i>		

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.
	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-
JICA	-	-	-
World Bank	-	-	-
<b>Total</b>	-	-	-

9. Transfers from Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-



*Notes to the Financial Statements (Continued)*

**6. Transfers from The County Government**

Description	2021/22	2020/21
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	-	-
Level 5 grants	-	-
Other grants		-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	-	-

**6 a) Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.
	KShs	KShs	KShs
Kiambu County Government	70,489,865	-	-
Kiambu County FIF Fund Account		-	-
<b>Total</b>	<b>70,489,865</b>	-	-

**7. In Kind Contributions from The County Government**

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	797,008,110	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>797,008,110</b>	-



**e) 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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the



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

- **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 Management Board and senior managers.

- **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.

- **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.

- **Comparative figures**

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

- **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 30 June, 2022



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.

- **Nature and purpose of reserves**

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

- **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.

- **Employee Benefits Retirement**

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

- **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.

- **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



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.

- **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

**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.

**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.



#### **k. Impairment of financial assets**

The Hospital Management assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Hospital Management determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

##### **Loans and borrowing**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### **i) 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



- 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.

#### **f. Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### **i. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **j. Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.



value.

**c. 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.

**d. 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.

**e. Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale



*Notes to the Financial Statements (Continued)*

**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.

**a. 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 de-recognition. Transfers are made to or from investment property only when there is a change in use.

**b. 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



The original budget for FY 2021-2022 was approved by The County Health Management Team. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **Kshs: 70,835,692** on the FY 2021-2022 budget following the Board's approval (Fund Account). The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 to 9 of these financial statements.



ii. **Early adoption of standards**

The Hospital did not early – adopt any new or amended standards in the year 2021-2022

**4. Summary of Significant Accounting Policies**

**a) Revenue Recognition**

**i) Revenue from Non-Exchange Transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**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 lease terms and included in revenue.

**b) Budget information**



<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></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>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fairvalue less costs to sell and the depreciation of such assets to cease and:</p>
	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>



<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cashflows.</li> </ul>
<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <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>



i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>



## **XVIII: Notes to the Financial Statements**

### **1. General Information**

Thika Level 5 Hospital is established by and derives its authority and accountability from The Public Financial Management Act. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal mandate of the Hospital is to provide general and specialised outpatient and inpatient services to residents of Thika and the surrounding regions.

### **2. Statement of Compliance and Basis of Preparation**

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

The financial statements have been prepared in accordance with the PFM Act, and The Kiambu Facility Improvement Fund (FIF) Rules and Regulation and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

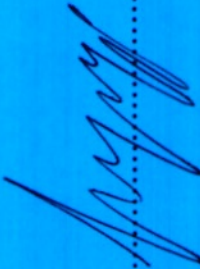
### **3. Adoption of New and Revised Standards**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.



Repairs and maintenance	26,500,000	-	26,500,000	8,564,668	17,935,332	32
Grants and subsidies	-	-	-	-	-	-
General expenses	98,360,400	-	98,360,400.00	57,537,889	40,822,511	59
Finance costs	-	-	-	-	-	-
Refunds	1,000,000	-	1,000,000	-	1,000,000	-
<b>Total Expenses</b>	<b>399,968,400</b>	<b>-</b>	<b>399,968,400</b>	<b>301,886,963</b>	<b>98,081,437</b>	<b>76</b>
<b>Surplus for the period</b>	<b>289,231,600</b>	<b>-</b>	<b>289,231,600</b>	<b>(1,979,173)</b>	<b>291,210,773</b>	<b>(32)</b>
<b>Capital expenditure</b>	<b>61,231,600</b>	<b>-</b>	<b>61,231,600</b>	<b>7,556,291</b>	<b>53,675,309</b>	<b>12</b>

The notes set out on pages 7-67 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board and signed on its behalf by:

  
.....

**Chairman: Dr Rajinder Mohindra**

**Head of Finance: Josephine**

**Medical Superintendent:**

**Nyambura Muiruri**

**Dr. Peninah Waturi Kibuti**

**ICPAK No:29748**

**Board of Management**




**Thika Level 5 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

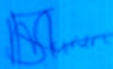
**XVII: Statement of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022**

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of utilization
	a	Kshs	b	Kshs	c=(a+b)	Kshs	d	Kshs	e=(c-d)	Kshs	
<b>Revenue</b>											
Transfers from the County Government	250,000,000		-		250,000,000		131,000,000		119,000,000		52.40
Grants from donors and development partners	-		-		-		119,250.00		(119,250.00)		
Transfers from other Government entities	-		-		-		-		-		-
Public contributions and donations	-		-		-		-		-		-
Rendering of services- Medical Service Income	439,200,000		-		439,200,000		168,788,540		270,411,460		38
Revenue from rent of facilities	-		-		-		-		-		-
Finance / interest income	-		-		-		-		-		-
Other receipts ( <i>specify</i> )	-		-		-		-		-		-
<b>Total income</b>	<b>689,200,000</b>		-		<b>689,200,000</b>		<b>299,907,790</b>		<b>389,292,210</b>		<b>44</b>
<b>Expenses</b>											
Medical/Clinical costs	235,148,000		-		235,148,000		202,305,370		32,842,630		86
Employee costs	38,460,000		-		38,460,000		33,085,036		5,374,964		86
Remuneration of directors	500,000		-		500,000		394,000		106,000		79

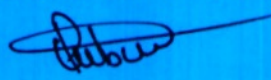


The notes set out on pages 7 to 67 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board and signed on its behalf by:

  
**Chairman Dr. Rajinder  
Mohindra**  
Board of Management

  
**Head of Finance: Josephine  
Nyambura Muiruri**  
ICPAK No:29748

**Medical Superintendent:  
Dr. Peninah Waturi Kibuti**





*Thika Level 5 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**XVI: Statement of Cash Flows for the Year Ended 30 June 2022**


Description	2021/22	
	Note	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the County Government		131,000,000
Grants from donors and development partners		119,250
Transfers from other Government entities		
Public contributions and donations		-
Rendering of services- Medical Service Income		168,788,540
Revenue from rent of facilities		
Finance / interest income		-
Other receipts( <i>specify</i> )		-
<b>Total Receipts</b>		<b>299,907,790</b>
<b>Payments</b>		
Medical/Clinical costs		202,305,370
Employee costs		33,085,036
Board of Management Expenses		394,000
Repairs and maintenance		8,564,668
Grants and subsidies		-
General expenses		57,537,889
Finance costs		
Refunds paid out		-
<b>Total Payments</b>		<b>301,886,963</b>
<b>Net cash flows from operating activities</b>	41.00	<b>(1,979,173)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment, & intangible assets		(7,556,291)
Proceeds from the sale of property, plant, and equipment		-
Acquisition of investments		-
<b>Net cash flows used in investing activities</b>		<b>(7,556,291)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-
<b>Net cash flows used in financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(9,535,464)</b>
Cash and cash equivalents at 1 July 2021	27	16,947,146
<b>Cash and cash equivalents at 30 July 2022</b>	27	<b>7,411,681</b>



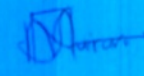
XV: Statement of Changes in Net Asset for the Year Ended 30 June 2022

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund
As at July 1, 2020	-	-	-
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	-	-
Capital/Development grants	-	-	-
As at June 30, 2021	-	-	-
At July 1, 2021	-	-	-
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	(60,928,109)	-
Capital/Development grants	-	-	285,800,320
At June 30, 2022	-	(60,928,109)	285,800,320

The Hospital's financial statements were amended and approved by the Board and signed on its behalf by:

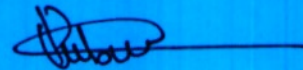
  
Chairman: Dr Rajinder  
Mohindra

Board of Management

  
Head of Finance: Josephine  
Nyambura Muiruri

ICPAK No:29748

Medical Superintendent:  
Dr. Peninah Waturi Kibuti





*Thika Level 5 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**XIV: Statement of Financial Position as at 30<sup>th</sup> June 2022**

Description	Notes	2021/22
		Kshs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	27	7,411,681
Receivables from exchange transactions	28	191,579,166
Receivables from non-exchange transactions	29	-
Inventories	30	18,325,072
<b>Total Current Assets</b>		<b>217,315,920</b>
<b>Non-current assets</b>		
Property, plant, and equipment	31	7,556,291
Intangible assets	32	-
Investment property	33	-
<b>Total Non-current Assets</b>		<b>7,556,291</b>
<b>Total assets</b>		<b>224,872,211</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	34	284,356,387
Refundable deposits from customers/Patients	35	1,443,933
Provisions	36	-
Finance lease obligation	37	-
Current portion of deferred income	38	-
Current portion of borrowings	39	-
<b>Total Current Liabilities</b>		<b>285,800,320</b>
<b>Non-current liabilities</b>		
Provisions	36	-
Non-Current Finance lease obligation	37	-
Non-Current portion of deferred income	38	-
Non - Current portion of borrowings	39	-
Service concession liability	40	-
<b>Total Non-current liabilities</b>		<b>-</b>
<b>Total Liabilities</b>		<b>285,800,320</b>
<b>Net assets</b>		
Revaluation reserve		-
Accumulated surplus/Deficit		(60,928,109)
Capital Fund		-
		-
<b>Total Net Assets and Liabilities</b>		<b>224,872,211</b>



*Thika Level 5 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

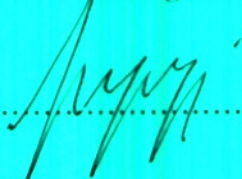
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	14,075,363	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>14,075,363</b>	<b>-</b>
<b>Net Surplus for the year</b>		<b>(60,928,109)</b>	
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-

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

**Chairman**

**Dr Rajinder Mohindra**

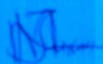
**Board of Management**



**Head of Finance**

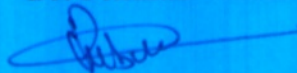
**Muiruri Josephine  
Nyambura**

**ICPAK No:29748**



**Medical Superintendent**

**Dr. Peninah Waturi Kibuti**





**XII: Statement of Financial Performance for the Year Ended 30 June 2022**

Description	Notes	2021/22	2020/21
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	70,489,865	-
In-kind contributions from the County Government	7	797,008,110	-
Grants from donors and development partners	8	119,250	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>867,617,225</b>	<b>-</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	384,529,412	-
Revenue from rent of facilities	12	121,000	-
Finance /Interest Income	13	-	-
Other income ( <i>specify</i> )	14	-	-
<b>Revenue from exchange transactions</b>		<b>384,650,412</b>	<b>-</b>
<b>Total revenue</b>		<b>1,252,267,637</b>	<b>-</b>
<b>Expenses</b>			
Medical/Clinical costs	15	311,965,642	-
Employee costs	16	843,002,856	-
Board of Management Expenses	17	394,000	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	8,222,948	-
Grants and subsidies	20	-	-
General expenses	21	135,534,937	-
Finance costs	22	-	-
<b>Total expenses</b>		<b>1,299,120,383</b>	<b>-</b>
<b>Other gains/(losses)</b>			
Gain on disposal of non-Current assets	23	-	-






10/10/10



- 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 the 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
 CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**14 October 2023**



## **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 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:



capitation/income. However, although the amount was transferred to the County Revenue Fund (CRF) account, the subsequent disbursement to the Hospital did not meet the eighty percent (80%) threshold.

In the circumstances, it could not be confirmed if the hospital received all the NHIF capitation entitlement and whether required services for the NHIF members visiting the facility were rendered.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 control, risk management and governance.

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



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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Weaknesses in Implementation of Universal Health Care (UHC) Program

Review of the Hospital's facilities and interviews with Management staff revealed difficulties in achieving the universal health care goals, which was attributed to the following challenges:

- i. Delays in supply of essential, drugs and surgical items from Kenya Medical Supplies Agency (KEMSA) and other medical suppliers.
- ii. Delays in disbursement of refund to the hospital from the County Government Health Fund, from where the hospital is expected to receive 80% of the total revenue collected.
- iii. Low staffing in the hospital due natural attritions and non-replacement of exiting personnel despite low staff to patient ratio. Further, there is utilization of causality revenue collection leading to possible revenue loss due to lack of accountability.
- iv. Huge pending bills amounting to 200 million, as per financial statements, majority of which relates to the previous years.

In the circumstances, it was not possible to confirm if the hospital provided all the health care needs of the Kiambu residents.

#### 2. Inadequate National Hospital Insurance Fund (NHIF) Capitation

The statement of financial performance reflects rendering of services/medical income of Kshs.384,529,412 which includes Kshs.152,712,584 in respect of NHIF



procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Unbalanced Budget**

The statement of comparison of budget and actuals amounts for the year under review reflects Kshs.689,200,000 and Kshs.399,968,400 in respect to approved budget receipts and expenditure respectively resulting to Kshs.289,231,600 budgeted expenditures contrary to Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget shall be balanced.

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

### **2. Irregular Board Expenses**

The statement of financial performance reflects board of management expenses of Kshs.394,000 as disclosed in Note 17 to the financial statements. However, review of expenditure records revealed that the chairman was paid for eleven (11) meetings and other members for between eight (8) to ten (10) meetings. This is contrary to Section E of Mwongozo Code of Governance which requires board meetings to be held at least four (4) times a year and not more than four (4) months shall elapse between the date of one meeting and the date of the next meeting.

In the circumstances, Management was in breach of policy directives.

### **3. Late Payment of Pay as You Earn (PAYE)**

Review of bank reconciliation statements revealed that included in the balance are unrepresented cheques for PAYE of Kshs.6,148,018 which had not been remitted to the revenue collecting agency. This is contrary to Section 37 of the Income Tax Act, (Cap 470) Revised 2012, which requires the payments to be made on or before the tenth day of the month following recovery.

In the circumstance, Management was in breach of law.

### **4. Failure to Develop Risk Management Strategy**

During the year under review, Management had not developed a risk management strategies document. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations. Failure to develop a risk management strategy may impair the effectiveness of the service delivery in managing a robust business operation of the Hospital'.

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



## **11. Unsupported Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.7,556,291 which was in respect of additions during the year. However, expenditure was not supported by invoices or payment vouchers. In addition, other unvalued assets such as computers, furniture, printers and other medical equipment owned by the hospital have been omitted from the financial statements.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.7,556,291 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Thika Level 5 Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and performance**

The statement of comparison of budget and actual amounts reflect final receipts budget and actual on a comparable basis of Kshs.689,200,000 and Kshs.299,907,790 respectively, resulting in an underfunding of Kshs.389,292,210 or 44% of the budget.

Similarly, the hospital incurred an expenditure budget of Kshs.399,968,400 against actual expenditure of Kshs.301,886,963, resulting in an under expenditure of Kshs.98,081,437 or 32% of the budget.

In the circumstances, the underfunding and underperformance may have negatively affected implementation of the planned activities and service delivery in the hospital.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit



## **7. Unsupported Cash and Cash Equivalents**

The Statement of financial position reflects a cash and cash equivalents balance of 7,411,681 as disclosed in Note 27 to the financial statements. However, certificates of bank balances were not provided for audit review. Further, bank reconciliation statements for the Kenya Commercial Bank-FIF account reflects unrepresented cheques of Kshs.7,923,851, out of which Kshs.399,459 was in respect PAYE dating back to 2014, which remained uncleared in the cashbook.

In the circumstances, the accuracy of cash and cash equivalent balance of Kshs.7,411,681 as at 30 June, 2022 could not be confirmed.

## **8. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.191,579,166 as disclosed in Note 28 to the financial statements. However, the debtors' movement schedule and general ledgers were not provided for review.

In the circumstances, the accuracy, completeness and fair statement of receivables from exchange transactions balance of Kshs.191,579,166 as at 30 June, 2022 could not be confirmed.

## **9. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payable balance of Kshs.284,356,387 which comprise of trade payables of Kshs.187,451,413 and employee dues of Kshs.12,909,710 respectively. However, Note 34 to the financial statements reflects Kshs.200,361,123 resulting to unexplained variance of Kshs.83,995,263. In addition, the creditors movement schedule and the unpaid vouchers and invoices were not provided for audit review. Further, review of payables records revealed employee dues amounting to Kshs.12,909,710 which were erroneously recognized twice, thus overstating the balance by the same amount.

In the circumstance, the accuracy, completeness and fair statement of trade and other payables balance of Kshs.284,356,387 as at 30 June, 2022 could not be confirmed.

## **10. Unsupported Inventories**

The statement of financial position reflects inventories balance of Kshs.18,325,072. However, the stock take sheets and board of survey report in support of the balance were not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of inventories balance of Kshs.18,325,072 as at 30 June, 2022 could not be confirmed.



### **3. Undisclosed Transfer to Tigoni Level 4 Hospital**

During the year under review, the Hospital Management transferred an amount of Kshs.12,000,000 to Tigoni Level 4 Hospital. However, the amount was not reflected in the statement of financial performance.

In the circumstance, the accuracy, completeness and fair statement of statement of financial performance for the year ended 30 June, 2022 could not be confirmed.

### **4. Unsupported Employee Costs**

The statement of financial performance reflects employee costs of Kshs.843,002,856 comprising of salaries, wages and allowances amounting to Kshs.797,008,110 paid directly by the County Government of Kiambu and other employee costs of Kshs.45,994,746 relating to casual wages respectively, as disclosed in Note 16 to the financial statements. However, the supporting schedules and monthly payrolls for the salaries, wages and allowances were not provided for audit review.

In addition, salary payments of Kshs.133,000 and Pay as You Earn (PAYE) of Kshs.210,864 for the month of May, 2022 were omitted from the casual payroll and supporting schedules.

In the circumstances, the accuracy, completeness, and fair statement of employee costs of Kshs.843,002,856 for the year ended 30 June, 2022 could not be confirmed.

### **5. Unsupported Repairs and Maintenance of the Casualty Block**

The statement of financial performance reflects repairs and maintenance expenses of Kshs.8,222,948 as disclosed in Note 19 to the financial statements. However, the amount includes repairs carried out at the casualty block of Kshs.2,606,923 whose bills of quantities, procurement records and certificates of work done were not provided for audit review.

In the circumstance, the accuracy, validity and fair statement of repair and maintenance expenses of Kshs.2,606,923 for the year ended 30 June, 2022 could not be confirmed.

### **6. Unsupported Consultancy Services**

The statement of financial performance reflects general expenses of Kshs.135,534,936 which includes contracted services of Kshs.57,129,858 as disclosed in Note 21 to the financial statements. Review of records revealed that the expenditure was incurred on security, laundry and cleaning services. However, contract documents, invoices and payment vouchers were not provided for audit review.

Consequently, the accuracy and completeness of expenditure on consultancy services of Kshs.57,129,858 for the year ended 30 June, 2022 could not be confirmed.



- v. The statement of cash flows reflects a negative net cash flows from operating activities of Kshs.1,979,173 while Note 41 to the financial statements reflects negative Kshs.104,940,589 resulting in unexplained variance of negative Kshs.102,961,416.
- vi. The statement of financial performance reflects amounts that are at variance with the statement of cash flows figures as tabulated below:

Particulars	Statement of Financial performance (Kshs)	Statement of Cash Flows (Kshs)	Variance (Kshs)
<b>Receipts</b>			
Transfer from County	70,489,865	131,000,000	(60,510,135)
Rendering of Medical Services	384,529,412	168,788,540	215,740,872
<b>Payments</b>			
Medical/ Clinical Costs	311,965,642	202,305,370	109,660,272
Employee Costs	843,002,856	33,085,036	809,917,820
Repairs and Maintenance	8,222,948	8,564,668	(341,720)
General expenses	135,534,937	57,537,889	77,997,048

In the circumstances, the accuracy and completeness of the financial statements for the year under review could not be confirmed and Management did not comply with the Public Sector Accounting Standards Board reporting template requirements.

## 2. Variance Between Financial Statements and Supporting Schedules

The financial statements reflect amounts that differed with the supporting schedules resulting to unreconciled variances as tabulated below:

Components	Financial Statement Amount (Kshs.)	Supporting Schedule Amount (Kshs)	Variance (Kshs.)
In Kind Contributions from County Government	797,008,110	-	797,008,110
Rendering of Services	384,529,412	362,789,832	21,739,580
Rent From Facilities	121,000	-	121,000

In the circumstances, the accuracy and completeness of the financial statements amounts for the year ended 30 June, 2022 could not be confirmed.



## REPORT ON THE FINANCIAL STATEMENTS

### Adverse Opinion

I have audited the accompanying financial statements of Thika Level 5 Hospital set out on pages 1 to 49 which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Thika Level 5 Hospital as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and Health Act, 2017.

### Basis for Adverse Opinion

#### 1. Inaccuracies in the Financial Statements

Review of the financial statements of the Hospital for the year under review revealed the following errors and inaccuracies:

- i. The Management discussion analysis reflects actual revenues collected amounting to Kshs.363,266,275 whereas the statement of financial performance reflects Kshs.384,529,412 resulting unexplained variance of Kshs.21,263,137.
- ii. The statement of financial position reflects refundable deposits balance of Kshs.1,443,933 whereas Note 35 to the financial statements reflect Kshs.732,565 resulting to unexplained and unreconciled variance of Kshs.711,368.
- iii. The statement of financial position reflects changes in receivables, inventories, and payables as disclosed in Note 28, 30 and 34 respectively. However, the net cash flows from operating activities as disclosed in Note 41 to the financial statements did not reflect those working capital adjustments.
- iv. The balances in the statement of cash flows are not referenced to Notes to the financial statements.



# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON THIKA LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KIAMBU**

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### **PREAMBLE**

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

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

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

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



### **XI: Statement of Board of Management's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Kiambu County Health Services Act of 2019, require the Board of Management to prepare financial statements in respect of that Thika Level 5 Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year and the operating results of the Hospital for that year. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The board members are also responsible for safeguarding the assets of the Hospital.

The board members are responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on 30 June, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances. The board members accept responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The board members are of the opinion that the Hospital's financial statements give a true and fair view of the state of the Hospital's transactions during the financial year ended 30 June, 2022 and of the Hospital's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the board members to indicate that the Hospital will not remain sustainable in offering services for at least the next twelve months from the date of this statement.

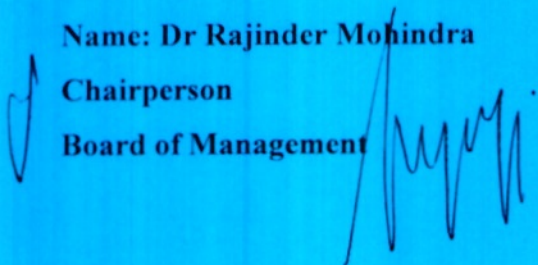
### **Approval of the financial statements**

The Hospital's financial statements were approved by the Board on **23rd September 2022** and signed on its behalf by:

**Name: Dr Rajinder Mohindra**

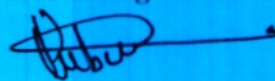
**Chairperson**

**Board of Management**



**Name: Dr. Peninah Waturi**

**Accounting Officer-Thika Level 5 Hospital**





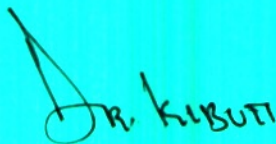
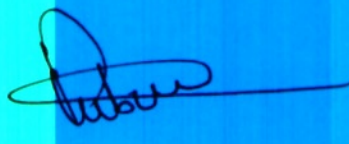
**BOARD OF MANAGEMENT**

The members of the Board who served during the year are shown on page v. No board member retired or resigned, or was appointed with effect from 1<sup>st</sup> July 2022.

**Auditors**

The Auditor General is responsible for the statutory audit of the Thika Level 5 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Thika Level 5 Hospital,  
Hospital Management Board Secretary

Date: 24<sup>th</sup> August 2023