

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL



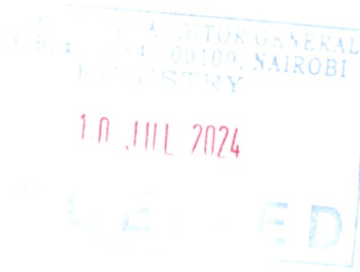
ON

IGEGANIA LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF KIAMBU

30th June 2023



IGEGANIA LEVEL 4 HOSPITAL (Kiambu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

| | | |
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1. Acronyms & Glossary of Terms

| | |
|---------|---|
| CSR: | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| NSM | Nursing Services Manager |
| HAO | Health Administrative Officer |
| CHMT | County Health Management Team |
| KMPDC | Kenya Medical Practitioners and Dentist Board |
| FIF | Facility improvement fund |
| CEC | County Executive Committee |
| EMR | Electronic Medical Records |
| ICT | Information and Communication Technology |
| UHC | Universal Health Care |
| WHO | World Health Organization |
| CBM | Christian Blind Mission |
| ENT | Ear Nose and Throat |
| HMIS | Health Medical Information System |
| RRI | Rapid Response Initiative |
| MBCHB | Bachelor Of medicine And Bachelor of Surgery |
| MMED | Masters of Medicine |
| KRCHN: | Kenya Registered Community Health Nurse/ |
| BSN | Bachelor of Science in Nursing |
| MSCN | Masters of Science in Nursing |
| LVCT | Liverpool Voluntary Counselling and Testing |
| KHIS | Kenya Health Information System |

2. Key Entity Information and Management

(a) Background information

Igegania Sub county Hospital is a level 4 hospital domiciled in Kiambu County under the Health Services Department. It serves the people of Gatundu North and neighbouring sub-counties. It is fed by 2 health centres and 9 dispensaries. Referral upwards is to Thika, Gatundu and kiambu hospitals. The hospital is governed by a Board of Management vide gazette notice number 3616 under Kiambu County Health Services

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality healthcare the citizens of Gatundu North and its environs

Vision

To be an efficient and cost effective health care system for the public

Mission

To provide an integrated quality preventive, promotive, curative and rehabilitative healthcare services

Goal

To participate in reduction of health inequities and improve health

(c) Key Management

The management is under the following key organs:

- County department of health
- County health management team
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Executive expenditure committee

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|------------------------|-------------------------|
| 1. | Medical Superintendent | Namarome Wekesa |
| 2. | Head of finance | Shiriakah Muthee |
| 3. | Head of supply chain | Rebecca Gatune |
| 4. | Head of Administration | Samuel Ondiek |
| 5. | Head of Nursing | Tabitha Kinuthia |
| 6. | Head of Pharmacy | Patrick Muasya |

(e) Fiduciary Oversight Arrangements

- Kenya Medical Practitioners and Dentist Council (KMPDC)- provides practice licences for medical doctors and ensures compliance with ethics
- Audit committee
- Oversight health committee from the county assembly under the county department of health services

- The County health Management committee (CHMT) led by the Chief Officer of Health undertakes budget approvals, authorises expenditure and performs inspection of the facility and perform supportive supervision

(f) Igeania Level 4 Hospital Headquarters

P.O. Box 84 Gatundu
Mang'u –flyover Highway
Gatundu North
Kiambu County, Kenya

(g) Hospital Contacts

Telephone: (+254) 758502881, (+254) 795917967
E-mail: igeganiahospital@gmail.com

(h) Hospital Bankers

Kenya Commercial Bank (KCB)
Thika Branch
Email thika@kcbgroup.com

Co-Operative Bank
Gatundu Branch
Email gatundubr@co-opbank.co.ke

(i) Independent Auditors

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



(j) Principal Legal Adviser

State Law Office
Harambee Avenue
P.O Box 40112
City Square 00200
Nairobi Kenya



(k) County Attorney

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



3. The Board of Management



| Ref | Directors | Details |
|-----|---|--|
| 1. | <p>Prof.Njenga Munene Chair of the board</p>  <p>Date of appointment – 1st May 2021</p> | <p>Current Vice-Chancellor of Zetech University and Professor of Clinical Veterinary Medicine.</p> <p>Previously, worked at Egerton University for several years in teaching and administration positions, including Deputy Vice-Chancellor in charge of Administration and Finance for a 5-year term.</p> <p>A full professor of Clinical Veterinary medicine, he is a strategist who served as chairman of various committees including tender, website improvement and disciplinary for staff</p> |
| 2. | <p>Josephine Karari Board member Date of appointment – 1st May 2021</p>  | <ul style="list-style-type: none"> • Attending board meeting • Approving of budget • Follows up on the budget • Monitoring and evaluation |
| 3. | <p>Dr Josephine Wahogo Board member Date of appointment – 1st May 2021</p> | <ul style="list-style-type: none"> • Head , Microbiology unit (TB, PH bacteriology and Oncohistory) MOH, A scientist working in vast studies and publications involving tuberculosis, including Survey |


Igegania level 4 Hospital (kiambu County Government)
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| | | |
|----|---|---|
| |  | <p>taskforce of the Kenya tuberculosis prevalence study of 2016</p> <ul style="list-style-type: none"> • Attending board meeting • Monitoring and evaluation <p>*Participation ceased after appointment to a Ministry of Health position in November 2022</p> |
| 4. | <p>Dr Namarome Wekesa Secretary to the board</p>  | <p>Obstetrician gynaecologist and medical superintendent of Igegania level 4 hospital</p> <p>Secretary to the board</p> |
| | | <p>The hospital does not have a secretary and the Med sup acts the secretary to the board. Where legal issues arise, the hospital seeks professional advice from the County Attorney through the county health services Department</p> |


4. Management Team

| Management | Functions |
|---|--|
| <p>Dr. Namarome Wekesa Medical Superintendent MBCHB, MMED (obsgyn)</p>  <p>1.</p> | <ul style="list-style-type: none"> • Maintains standard of medical care and provide leadership • Implementing and monitoring procedures, policies and performances standard for medical, nursing, technical and administrative staff. • Directing, supervising and evaluating the work activities of all medical personnel. • Plan, organize, direct, control and coordinate medical programs and clinical services in the assigned clinics. |
| <p>Tabitha Kinuthia Nursing Services Manager KRCHN/BSN/ MSCN ongoing</p>  <p>2.</p> | <ul style="list-style-type: none"> • Promoting and protecting patient health and safety • reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care |

| | | |
|----|--|--|
| 3. | <p>Shiriaca Muthee Accountant Bachelor in Economics, CPA-K</p>  | <ul style="list-style-type: none"> • Reviewing the hospital’s financial records to ensure compliance with laws and regulations • Preparing journal entries to record transactions in the general ledger • Assisting with audits of the hospital’s financial statements to ensure compliance • Reconcile accounts payable and accounts receivable to ensure that all incoming and outgoing funds are accounted for properly • Preparing financial reports such as income statements and balance sheets |
| 4. | <p>Dr. Patrick Muasya Pharmacist in charge Bachelor of Pharmacy, SMC, Master of science (Health management system) on-going</p>  | <ul style="list-style-type: none"> • Ensure delivery of quality and safe pharmacy services to patients. • Provide clinical pharmaceutical leadership and direct patient service programs. • Provide leadership in the acquisition and purchasing of quality drugs for hospital usage. |

| | | |
|----|--|--|
| 5. | <p>Samuel Ondiek Health Administrative officer</p>  | <p>Ensuring the hospital, especially buildings, comply with safety, health and other laws and regulations and are well maintained.</p> <p>Responsible for administration of service provider contracts in maintenance of ICT facilities, buildings, motor vehicles, security, etc.</p> <p>Ensure safety and security within the hospital and departmental premises in accordance with Public Health and Occupation Safety and guidelines.</p> <p>Responsible for deployment, training and appraisal of non-medical staff, including drivers, security guards and cleaners.</p> |
| 6. | <p>Rebecca Gatune Supply chain Management officer Bachelor of business management(purchasing and supply management), KISM</p> | <ul style="list-style-type: none"> • Ensure compliance with regulatory requirements and ethical standards, relating to procurement of goods, services and works, • Maintain a catalogue of items identified for disposal, • Prepare purchase orders and ensuring timely delivery of ser- |

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| | | |
|---|--|--|
|  | | <p>vices,</p> <ul style="list-style-type: none">• Co-ordinate storage of goods and equipment,• Ensure proper stock control and inventory management |
|---|--|--|

5. Chairman's Statement

Introduction

Igegia sub county hospital is a level 4 facility managed by Kiambu county government in the department of health. It is the referral hospital for Gatundu North constituency whose population is its primary catchment. It is managed by the board of management where the daily activities are run by the medical superintendent and the hospital management team

Service delivery

Inpatient, outpatient, consultation services in diabetes, hypertension, other medical conditions, eye and gynaecology have been available

New departments were introduced, expanding our service menu, thus offering eye clinic sonography and mental health care. Mental health in particular, has been an enormous challenge in Gatundu North as we have had a long history of being one of the regions with the high intake of illicit alcohol and substance abuse.

A new laboratory machine was procured to accommodate

There was an eye medical camp that saw the screening of elderly patients who needed cataract surgery; 150 patients qualified for surgery but only 65 cases were done. This highlights the backlog and the service need.

The community will be better served in matters mental health as the hospital received a psychiatrist and a medical social worker as new members of staff.

Successes

1. The direct line of treated water from Karure water works
2. The procurement of hardware and software for introduction of the electronic medical records system (EMR) and ICT in the hospital processes
3. The refurbishment and renovation of the existing facility to accommodate a new born unit, metal shelving of pharmacy, metal security doors for pharmacy and theatre, and functional work surface for the laboratory.

Challenges

1. Lack of proper trauma care and low utilisation of inpatient services
These have been caused by

- Lack of a functional X ray machine
- Lack of plaster technician and occupational therapist

There is need to establish a trauma care unit to cater for casualties of road traffic accidents that are prevalent in the region

2. Poor sanitation and waste management

- a) There is inadequate sewage facility to handle the effluent from the existing building with the septic tanks currently almost filled and occasioned with blockage of sewers
- b) There is poor medical waste management as there is no incinerator. The solid waste is first stored then transported far for offsite incineration, posing a hazard to patients, staff and neighbouring community
- c) Inconsistent power supply. The hospital has no dedicated transformer. The power outages force the hospital to frequently use the generator which increases fuel and maintenance costs

3. Lack of board members

Way forward for the new financial year

The hospital plans to have the following issues addressed in the next quarter

1. Actualise a fully functional x ray department
2. Engage KPLC to supply a dedicated hospital transformer
3. Plan for construction of a burning chamber for incineration of medical waste
4. Lobby for funds for purchase of a dental chair and other medical equipment for the outpatient department
5. To engage the county public works department in drawing a master plan for overall restructuring of the hospital infrastructure. This will factor in building of general surgical theatre, expansion of maternity, walkways to the wards and sewerage systems. This will go a long way in ensuring sustainable development of Igegania Level 4 hospital

Conclusion


Finally the board appreciates all staff for their dedication in serving the clients especially the sick ones who are the very reason for establishment of the hospital. We sincerely appreciate the sup-

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port of the county and central governments. We also appreciate all the stakeholders who provide different goods and services to the hospital

We very much look forward to working with partners to deliver the long term priorities and improved service to humanity for all who will attend Igegania Level 4 hospital

Signed,



Prof Dr.Njenga Munene (BVM, MSc PhD AdvProot)

Ag Chairman, The Hospital Board of Management And

Professor of Clinical Vetinary Medicine

6. Report of The Medical Superintendent

Good health is essential for the economic and social development of a population and access to quality healthcare is critical for maintaining and improving health. At the same time, citizens require protection against being pushed into poverty due of the cost of health care. In recognition of these imperatives, the momentum for Universal Health Coverage (UHC) has greatly increased, with the 2030 Agenda for Sustainable Development setting it as a central ideology for improving the health and well-being for all people, while ensuring that individuals are not driven into poverty due to the cost of health.

Therefore the hospital strives to provide affordable and quality health services by continuously enrolling patients in the NHIF scheme, this saw an increase in revenue from NHIF reimbursements rising from ksh.6,041,650 in 2021/2022 FY to Ksh.7,801,000 in 2022/23 FY, an increase of 29%.

We have a dedicated team to provide quality maternity care despite our low capacity of 20 beds, and low number of medical officers and midwives in the maternity ward. A room in our wards has also been repurposed and refurbished to accommodate a new born unit that was dire as most of our preterm babies are being referred despite us having incubators.

The hospital is proud to have finally completed the construction of a direct, 1km, treated, water line from Karure water Company, to Igeania hospital.

Being in a region where there is a large population of persons with diabetes and hypertension, eye complications come as a result of these diseases. There was a successful eye medical camp that saw 65 cataract surgeries done. A fully-fledged, dedicated, eye department was set up after receiving a slit lamp and an operating microscope from Kiambu county government in partnership with Christian Blind Mission (CBM). As a result, this department is doing at least 1 cataract surgery per week, averting backlog of patients and minimising referrals.

Cervical cancer screening and treatment has been up scaled in the hospital with on job training of staff about the screen and treatment models. So far we have diagnosed 9 women with precancer cells and treated all of them. These are clients who would have otherwise been undiagnosed and

present albeit too late, with already advanced cervical cancer. This will go a long way in eradication of cervical cancer in line with the WHO 2030 goals.

Mental health care has been an enormous challenge in Gatundu North, as we have had a long history of being one the regions with high intake of illicit brews and substance abuse. We are delighted to add mental healthcare, to our list of services offered in the new financial year after receiving a psychiatry nurse and a medical social worker as new members of our staff.

Far from the clinical successes, we had a long list of areas earmarked for maintenance and refurbishment. In this financial year we have managed to do replacement of worn out doors that were termite infested, fashioning security doors in theatre and lab, unblocking of sewer and sinks in the ward, fashioning of wheelchair ramp from outpatient department.

The hospital has procured more computers to support the first phase of the EMR in 5 key areas as a beginning i.e lab, pharmacy and clinician rooms. This will help improve revenue collection

Challenges have been a part of any organisation and our hospital is not immune to it. The lack of a functional X-ray machine is one major hindrance to care of trauma cases, particularly with a hospital located on a very busy highway that is prone to road traffic accidents.

This is also tied to the underutilisation of our inpatient services as there is no support by other auxiliary services such as xray, plaster technicians and occupational therapy, operating theatre and mortuary services.

The hospital requires a proper waste management system as it lacks an incinerator; the waste is kept aside for transportation to an offsite incineration. Thus, posing a hazard to patients, staff and neighbouring community. The sewage system also needs a total overhaul due to the increase in number of infrastructure. Our septic tanks are also filled to capacity causing blockages in our sewerage system

We have had inconsistent power supply occasioned by frequent power outages forcing us to rely on the generator, thus pushing our meagre resources to the purchase of fuel.

Way forward for the next quarter

A functional X ray department is vital.

To consolidate the use of ICT in the daily operations by purchase of UPSs, CCTV and more computers for the other departments

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To lobby for appointment of the new board members in order to continue working with the community representatives for a holistic approach to healthcare

As a long term solution we intend to engage KPLC to plan for installation our own hospital transformer to curb power interruptions and also to get water line from Karure Water Company.

To begin engaging the county public works department in drawing master plan for overall restructuring of hospital infrastructure

This will go a long way in staying true to the vision of Igegania level 4 hospital

Finally, I want to say thank you to staff and partners for their work in the previous financial year, especially for the teamwork in provision of well deserving healthcare services to citizens. I very much look forward to working with you and beyond to deliver our long-term priorities and improved performance for our hospital



Dr Angela Namarome Wekesa

Mbchb, MMed obgyn UON

Medical Superintendent

Igegania Level 4 Hospital

7. Statement Of Performance Against Predetermined Objectives

Program name: ADMINISTRATION, PLANNING AND SUPPORT SERVICES

Objective: To ensure effective and efficient Health service delivery

Outcome: An improved health service delivery system that motivates the workforce to achieve set targets

| | Activities you intend to do in the next five years | FY 2021/2022 | Planned Targets | | | | | Estimated cost (Kshs) |
|---|---|--------------|-----------------|------|------|------|------|-----------------------|
| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | |
| 2 | Improve HMIS system(Increase the service points in all departments with fully automated HMIS) | 10% | 20% | 40% | 60 | 80% | 100% | 5M |
| 3 | Adequate staffing | | | | | | | |
| | Consultants- radiologist, ENT, Surgeon, physician, orthopedic, gynecologist Medical officers Nurses Anesthetists Pharmacists Dental technologist Occupational therapist Lab technicians Health records Nutritionist Public health officers Drivers Radiographers Bio medical engineers | 40% | 50% | 60% | 70% | 80% | 90% | 100m |

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| | | | | | | | |
|----------------|--|--|--|--|--|--|--|
| Accountants | | | | | | | |
| Revenue clerks | | | | | | | |

Programme Name: PREVENTIVE HEALTH SERVICES

Objective: Reduction in preventable health conditions

Outcome: High Quality, Efficient and Effective Preventive Health services in Kiambu County

| | Activities you intend to do in the next five years | FY 2021/22 | Planned Targets | | | | | Estimated cost (Kshs) |
|---|--|------------|-----------------|------|------|------|------|-----------------------|
| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | |
| 1 | Community outreach, mental health and NCDs | 20 | 15 | 30 | 45 | 60 | 60 | 4M |
| 2 | Screening of communicable and non communicable diseases | 50% | 60% | 70% | 80% | 90% | 100% | 10M |
| 5 | IEC materials and SOPs | 10% | 40% | 80% | 100% | | | 250,000 |
| 6 | Improve nutrition awareness to the HCW and patients on NCDs and communicable diseases. | 20 | 40% | 60% | 80% | 100% | | 900,000 |
| 7 | Improve percentage growth monitoring to the under 5 years | 50% | 60% | 70% | 80% | 90% | 100% | 500,000 |

Programme Name: CURATIVE HEALTH SERVICES

Objective: Promotion of curative health services in the county

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Outcome: Reduced morbidity and mortality

| | Activities you intend to do in the next five years | FY 2021/22 | Planned Targets | | | | | Estimated cost (Kshs) |
|---|--|------------|-----------------|------|------|------|------|-----------------------|
| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | |
| 1 | Purchasing of commodities for different departments such as; <ul style="list-style-type: none"> • nutrition supplements • non pharmaceuticals • drugs • Medical equipment for all departments such as;microscope, dental chair, liner/tvs,opg machine,diagnostic digital x-ray machine among others. | 20% | 50% | 50% | 60% | 70% | 80% | 100M |
| 2 | Provision of specialized mental health services and psychotherapy services | 0 | 20% | 60% | 100% | | | 1m |
| 3 | Increase immunization coverage for all vaccine preventable diseases | 20% | 30% | 40% | 50% | 60% | 70% | 2m |
| 4 | Improve trauma care | 30 | 40 | 50 | 70 | 90 | 100 | 5M |
| 5 | Chronic disease management centre | 0% | 30% | 50% | 70% | 90% | 100% | 5M |

Programme Name: COUNTY PHARMACEUTICAL SERVICES

Objective: To offer quality pharmaceutical care services

Outcome: Quality pharmaceutical services

| | Activities you intend to do in the next | FY | Planned Targets | | | | | Estimated |
|--|---|----|-----------------|--|--|--|--|-----------|
|--|---|----|-----------------|--|--|--|--|-----------|

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| | five years | 2021/22 | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | cost (Kshs) |
|---|---|---------|------|------|------|------|------|-------------|
| 1 | Availability of essential medicine | 50 | 60 | 70 | 80 | 90 | 100 | 50M |
| 2 | Improved inventory management practices | 60 | 70 | 80 | 90 | 100 | 100 | 2M |
| 3 | Set up MTM clinic and drug information center | 0 | 30 | 50 | 60 | 80 | 100% | 1M |
| 4 | Purchase a standard pharmacy fridge | 0 | 20% | 100% | | | | 0.2M |
| 5 | Installation of Pharmacy HIMS | 30% | 40% | 80% | 100% | | | 3M |

Programme Name: REPRODUCTIVE HEALTH

Objective: To provide quality reproductive and maternal child health care services

Outcome: Increased access to quality reproductive and maternal child health care services

| | Activities you intend to do in the next five years | FY 2021/22 | Planned Targets | | | | | Estimated cost (Kshs) |
|---|--|------------|-----------------|------|------|------|------|-----------------------|
| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | |
| 1 | Increase bed capacity | 20% | 30 | 40 | 50 | 70 | 100 | 50M |
| 2 | Set up newborn unit | 10% | 20 | 40 | 60 | 100 | 100 | 10M |
| 3 | Maternal and neonatal audit | 80% | 90 | 100 | 100 | 100 | 100 | 0.6M |
| 4 | Prevention of anemia in pregnancy | 80% | 90 | 100 | 100 | 100 | 100 | 3M |
| 5 | Reduce the number of low birth weight newborns | 10% | 8% | 6% | 4% | 2% | 0% | 0.2M |
| 6 | Improve quality of care | 60% | 70 | 80 | 90 | 100 | 100 | 5M |
| 7 | Increase the uptake of family planning | 60% | 70 | 80 | 90 | 100 | 100 | 2M |
| 8 | Increase cervical cancer screening and treatment | 20% | 70 | 70 | 70 | 80 | 100 | 0.5M |

Programme Name: COUNTY HEALTH POLICY DEVELOPMENT AND MANAGEMENT

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Objective: Substantially increase health financing and the recruitment, development, training and retention of the health workforce and build the capacity of County health research and development unit

Outcome: Improve the quality of care and services provided for all at all levels

| | Activities you intend to do in the next five years | FY 2021/22 | Planned Targets | | | | | Estimated cost (Kshs) |
|---|--|------------|-----------------|------|------|------|------|-----------------------|
| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | |
| 1 | Monthly CMEs for each department | 20% | 40% | 50% | 80% | 80% | 100% | 500,000 |
| 2 | Rewards and sanctions(staff party yearly) | 0 | 10% | 20% | 30% | 40% | 50% | 600,000 |

8. Corporate Governance Statement

The board members were appointed by the CEC health in accordance to Kiambu county Health services Act No 2 of 2019, vide gazette notice No. 3616

The board roles include:

- a) Provide oversight over general administration of the hospital
- b) Promote the development of the hospital
- c) Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital
- d) Recommend to the Executive Member budget estimates
- e) Establishing a hospital- community participation and feedback platform
- f) Assessing the delivery of services at the hospital and advice the Executive Member
- g) Monitoring the hospital performance against the set targets and advice the Executive Member
- h) Carrying out any other function that may be assigned by the Executive Member

The executive committee at the county Health Management Team held a meeting on 21/3/22 and recommended the health facilities to pay sitting allowances as guided by the circular- Ministry of state for public service- REF NO MSPS 2/1A/VOL.XI (121) dated 2nd November 2010. These guidelines are to be used until the SRC provides a revised guideline

The board chair was officially appointed and gazetted. Prior to that he was working in an acting capacity, and we only have 2 active board members, thus it is difficult for members to be assigned to audit committee, human resource and service delivery committee.

Despite this, 3 board meetings were held with attendance of the two board members led by the chairman, Prof Njenga and the Medical superintendent as the secretary of the board. Introduction and induction was done in the first meeting and all members declared no conflict of interest. Main agendas were on how to work with partners and donors to acquire much needed medical equipment. The other agenda was on engaging the public works in completion of works as envisioned in the strategic plan.

On succession; board member upon retired or resignation, the appointing process as mentioned above is followed.

9. Management Discussion and Analysis

Population status during the financial year

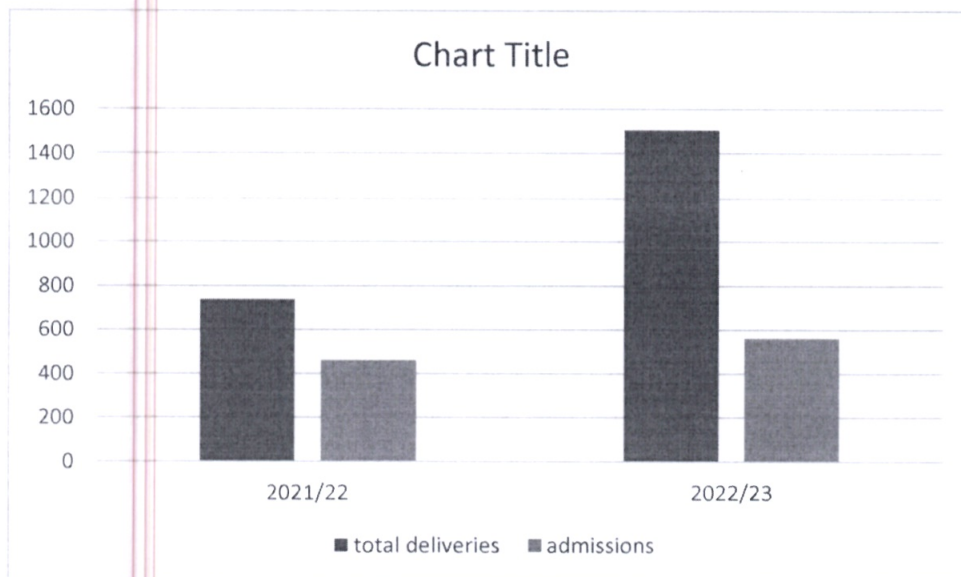
| ITEM | NUMBER |
|--------------------------------------|--------|
| Total catchment population | 30,952 |
| Number of households | 6190 |
| Children under 5yrs | 3219 |
| Women of childbearing age (15-49yrs) | 7552 |
| Number of adolescents | 5479 |
| Adults (25-59) | 11885 |
| Number of elderly (≥ 60yrs) | 1640 |

Clinical/operational performance

- The total bed capacity of the hospital was 60

- **Overall Patient Attendance**

- a) Inpatient



Majority of our admissions were maternity thus pointing to the need for revamping of our maternity unit to accommodate the increasing number of deliveries. The number of deliveries has decreased due to the staff shortage. The general inpatient wards consist mainly of paediatrics and elderly patients with chronic non communicable diseases. This puts more emphasis on the need for enhancing our radiology, palliative and laboratory services

1. Maternity data

- Vaginal Deliveries 1159
- Caesarean Sections 331
- Breech Delivery 18
- Maternal deaths 1
- Maternal Deaths Audited Within 7 Days -1
- Live births 1232
- Still births 18
- Neonatal deaths 0-28 Days 4
- Low Birth Weight <2500gms 91
- Babies discharge Alive 1487

2. General Outpatient attendance – 37,300

The most common cases were pneumonia, peptic ulcers, asthma, and diabetes/hypertension. The hospital intends to engage staff in continuous training for these conditions and emergency preparedness

Comprehensive care clinic (CCC)- 3027

Dental (COHO) – 1808

MCH- 8143

Nutrition clinic 2181

Lab tests done – 23633

Ultrasound done -434

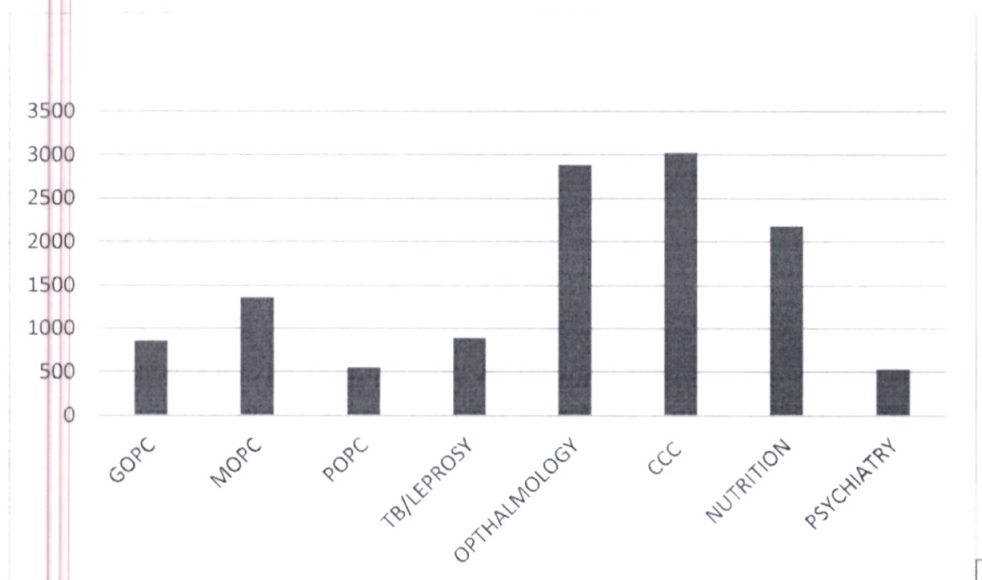
Tuberculosis screening (MoH 711) 41,412. TB prevalence- 2/100

Total women received Family planning- 1708 contraceptive prevalence- 23 %

- Accident and Emergency attendance- no data available no system of capturing data

(Source KHIS)

Specialised clinic attendance



| S/no | Indicator | Figure |
|------|---------------------------------|-------------------------|
| . | Average length of stay (ALOS) | 4 Days |
| . | Bed Occupancy Ratio | 33% |
| . | Accident & Emergency Attendance | No proper documentation |
| . | Mortality Ratio | Survey needs to be done |

Sponsorships and partnerships

- a) Kenya Medical research institute (KEMRI). Support the training of staff on cervical cancer screening treatment. Donation of thermoablation machine, examination couch, lamp and speculums
- b) Christian Blind Mission (CBM). An international Christian development organization, committed to improving the quality of life of persons with disabilities. Based on its Christian values, it addresses poverty as a cause, and a consequence, of disability, and works in partnership to create a society for all.

They support the eye department in screening and treatment of eye related conditions

- c) Smiles for Mothers: Making Deliveries Safer. The project aims to increase access to quality uterotonics by helping ten counties adopt the WHO recommendations on uterotonics for PPH prevention and introducing innovations to strengthen the health system's ability to respond to, prevent and manage obstetric haemorrhage. Collaborators: Jhpiego Kenya, HealthStrat, McKinsey & Company

They support CMEs, hospital drills and MPDSR meetings

- d) Jacaranda Health is a maternal health non-profit based in Kenya. They partner with government hospitals to deliver low-cost, sustainable solutions that improve quality of care for all mothers and new-borns

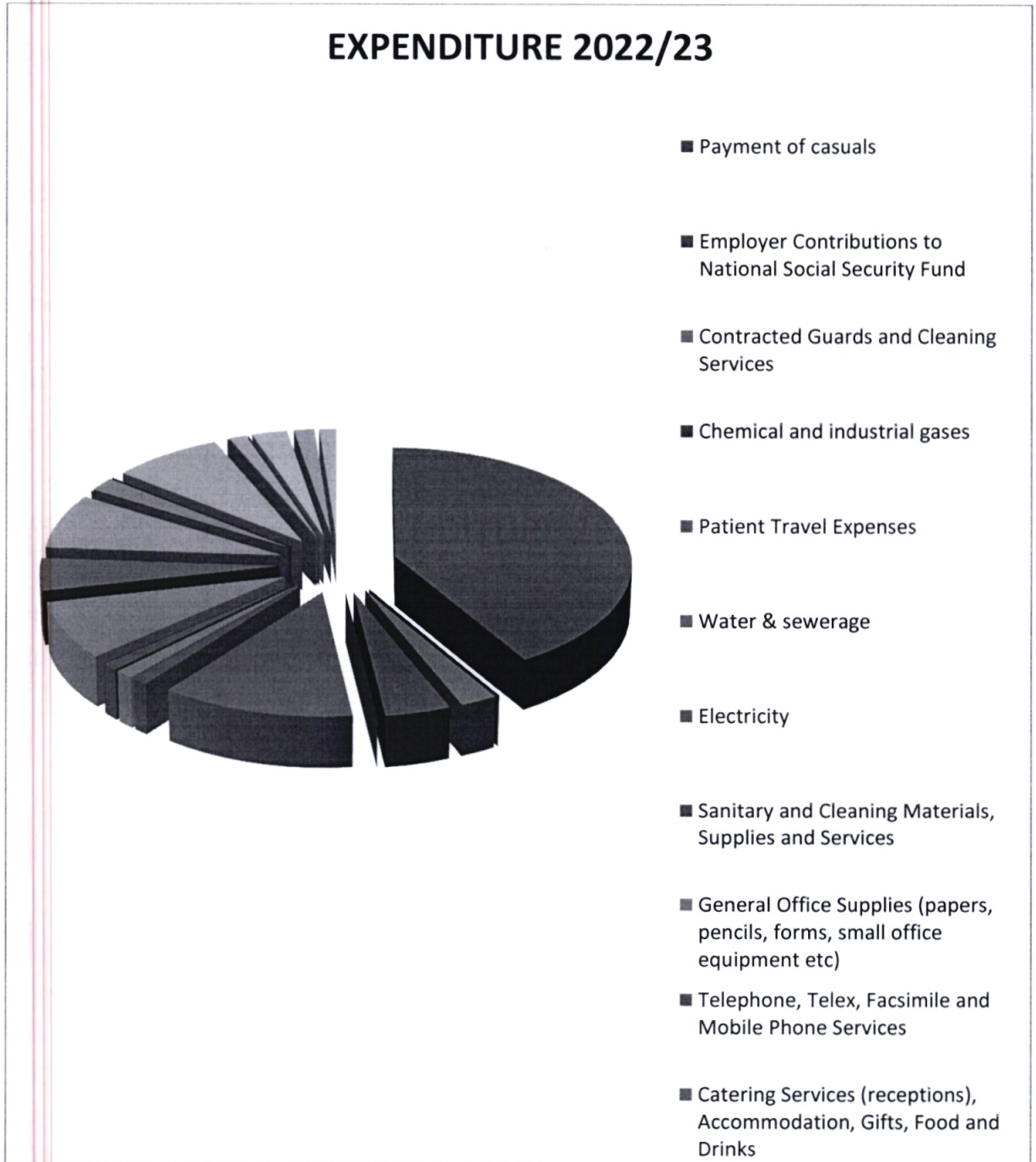
They undertake patient exit surveys to assess quality of care

- e) The Central Province Response Integration Strengthening and Sustainability Project (CRISSP) is a partnership of the United States Centres for Disease Control and Prevention (CDC), University of Nairobi School of Medicine (UONSOM) and the Ministry of Health (MOH) Kenya through the County Health Management Teams (CHMTs) as well Hospital and Health Centre Management Teams (H/HCMTs)

They support HIV/AIDs programs

Financial performance that includes

- Sources of revenue – county government, facility improvement fund (FIF)



10. Environmental And Sustainability Reporting

Igegania level 4 hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/patient first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile.

Our operations are legal and we adhere to the guidelines issued regularly by the Ministry of Health and the Kenya Medical Practitioners and dentists Council (KMPDC)

ii) Environmental performance

In the next financial year the hospital intends to establish a policy guideline on safeguarding the environment tailored to the NEMA protocols. We run a risk of being sued by the community due to the improper hospital waste management thus the need to obtain urgent incineration facility

In the our long term strategic plan replacement of the asbestos roofing shall be undertaken to minimise the risks of chronic lung diseases to staff and patients

The outpatient toilets shall be rebuilt to a more appealing washroom facility for our clients, after which, water quality assessment of the borehole to be done and rehabilitated if feasible

iii) Employee welfare

Hiring of staff is done by the county public service board on behalf of our facility. However any other support staff are contracted after deliberation by the hospital management team (HMT) and approved in the budget by the board. This is done in a competitive method, priority given to the members of the surrounding community to empower them with a source of livelihood, with women and youth being slotted in if they meet the criteria.

We applaud the NHIF civil servants scheme for catering for the medical expenses of the members of staff. This ensured that staff works stress free devoid of hospital bills for themselves and their families. In the long term discussion on the enhancement of timely statutory deductions to avert inconveniences and anxiety to our staff.

The MUA insurance medical scheme was also introduced by the Kiambu county Government. This increased access to healthcare for the employees

The hospital has instituted an active staff welfare organisation complete with a constitution and committee members. Monthly contributions are deposited in the bank with 3 signatories, the funds go towards support social activities, including bereaved members of staff. Weekly staff prayer meetings are held with the hospital chaplain, and this enhances cohesion among the staff members

Mental health of our staff is catered for by offering free counselling services is available to staff

iv) Market place practices-

a) Responsible competition practice.

We have set up a customer care line that is active day or night manned by the office of the medical superintendent to handle complaints and settle conflicts whenever they arise. We welcome political involvement as we view this as an opportunity to address the challenges amicably.

b) Responsible Supply chain and supplier relations

In order to build trust from the suppliers and to have consistency in the supply of goods and services, we honour payments to our suppliers as soon as the funds are available.

c) Responsible marketing and advertisement

The hospital shall ensure that not only patient needs are met, but also have a positive impact on them and the community, of which we are both a part of.

The building of trust, will emanate from personalized experience and ensuring patient data is kept confidential

d) Product stewardship

All members of staff are trained in proper waste segregation of medical waste. In the Strategic plan, there is provision for purchase of incinerator and a macerator to ensure Safe disposal of medical waste

v) Corporate Social Responsibility / Community Engagements

We have been running quarterly camps to offer free family planning services to the community. This is done in collaboration with Marie Stopes Kenya

We also engage with the administrative police and Kenya police in issues surrounding gender based violence by providing immediate short term/ temporary safe accommodation for victims, until alternative is established

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of Igegania level 4 hospital affairs.

Principal activities

The principal activities of the hospital board were continuous oversight on delivery of quality healthcare. We had 3 board meetings

There was an induction meeting for board members, convened by the CEC health and graced by His Excellency the Governor of Kiambu County

Results

The results of the entity for the year ended June 30~2023 are set out on page

Board Of Management

The members of the Board who served during the year are shown above. We had a total of 3 board members who have worked consistently despite

Auditors

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

Dr. Namarome Wekesa

12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the 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 June 30, 2023. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the hospital
- (v) selecting and applying appropriate accounting policies, and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for 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 financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2023, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the

hospital which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:

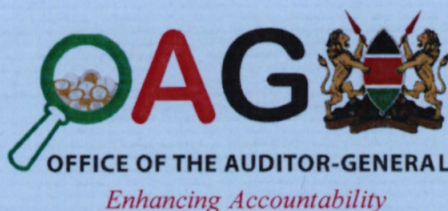


Name: Prof. Njenga Munene
Chairperson
Board of Management



Name: Dr. Angela Wekesa
Accounting Officer

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Igegania Level 4 Hospital - County Government of Kiambu set out on pages 37 to 63, which comprise the statement

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Igegania Level 4 Hospital - County Government of Kiambu as at 30 June, 2023 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Unconfirmed Capitation from National Health Insurance Fund

The statement of financial performance reflects an amount of Kshs.25,375,171 in respect to rendering of services- medical service income as disclosed in Note 6 to the financial statements and includes Kshs.2,899,013 relating to funds from National Health Insurance Fund. However, the amount was not supported by a list of members in the National Health Scheme (NHS), Health Insurance Subsidiary Programme (HISP), Old Persons with Severe Disability (OPSD) and the County Government Scheme which were in operation during the year under review.

In the circumstances, the accuracy and completeness of rendering of services - medical service income amount of Kshs.2,899,013 could not be confirmed.

2. Unsupported Revenue

The statement of financial performance reflects an amount of Kshs.25,375,171 in respect to rendering of services - medical service income as disclosed in Note 6 to the financial statements out of which Kshs.14,203,034 was generated from services rendered to patients excluding claims and capitation from National Health Insurance Fund. However, the amount was not supported by revenue billing reports indicating the revenue generated from each patient.

In the circumstances, the accuracy and completeness of rendering of services - medical service income amount of Kshs.14,203,034 could not be confirmed.

3. Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.3,287,500 in respect to receivables from exchange transactions as disclosed in Note 14 to the financial

statements. However, records from the NHIF reflect a balance of Kshs.249,590 resulting to an unreconciled variance of Kshs.3,037,910. In addition, the receivables balance includes Kshs.1,237,100 for Eduafya whose scheme was terminated.

In the circumstances, the accuracy, completeness, and recoverability of the receivables from exchange transactions balance of Kshs.3,287,500 could not be confirmed.

4. Unsupported Inventories Balance

The statement of financial position reflects a balance of Kshs.2,332,067 in respect to inventories as disclosed in Note 16 to the financial statements. During the year under review, the Hospital received food items, pharmaceuticals and non-pharmaceuticals amounting to Kshs.21,764,983 but there was no evidence stock take through end of the year stock sheets and board of survey reports.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.2,332,067 could not be confirmed.

6. Unsupported Capitation for Members

The statement of financial performance reflects an amount of Kshs.25,375,171 in respect to rendering of services- medical services income as disclosed in Note 6 to the financial statements which includes Kshs.2,899,013 relating to capitation from National Health Insurance Fund. However, Management did not maintain records on the medical expenses incurred on each of capitated members so as to inform on adequacy of the annual capitation of Kshs.1,400 per member. Further, there were no reconciliation between the members treated and the capitated list.

In the circumstances, the accuracy and completeness of rendering of services - medical services income amount of Kshs.2,899,013 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Igegania Level 4 Hospital Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Long Outstanding Trade Payables

The statement of financial position reflects trade and other payables of Kshs.13,392,975 out of which Kshs.5,905,903 has been outstanding for between one (1) and five (5) years from 2017/2018 financial year without any payment plan. The non-payment may lead to litigations and withdrawal of services by the suppliers affecting the operations in the

Hospital contrary to National Treasury Circular No. 10/2020 dated 16th June 2020 which directed pending bills be treated as a first charge on the approved budgets.

Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Use of Framework Contracting

The statement of financial performance reflects medical/clinical costs of Kshs.22,773,065 as disclosed in Note 7 to the financial statements which includes Kshs.349,928 relating to supply of medical oxygen through framework agreement signed on 5 April, 2018 which was still in use as at 30 June, 2023 . However, after the first year of award, there was no evidence of conducting a value for money assessment to determine whether the terms designated in the framework agreement were still competitive. This was contrary to Section 114(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the maximum term for the framework agreement be three years and a value for money assessments be undertaken for agreements exceeding one year.

Further, the Hospital also procured food items and other non-pharmaceuticals from six (6) suppliers through Framework Agreements amounting to Kshs.4,062,381. However, these Agreements were not provided for audit making it not possible to confirm the terms designated in these Agreements.

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

2. Irregularities in Repairs and Maintenance Costs

The statement of financial performance reflects repairs and maintenance expenses of Kshs.1,635,620 as disclosed in Note 11 to the financial statements. However, in the year under review, the contract for repairs and maintenance of buildings was issued at Kshs.802,540 but it was not supported by the Bills of Quantities, the certificate of completion was erroneously issued by the Medical Engineer and there was no professional opinion while the 10% retention was not withheld for six (6) months as required. Further, repairs totalling Kshs.55,000 were procured by means of cash without evidence of competitive procurement process. Repairs and maintenance expenses includes Kshs.387,180 incurred on maintenance & repairs of the hospital ambulance but it was not supported by approved requisitions and post service inspection report.

In addition, physical inspection conducted in the Month of May 2024 indicated the concrete roof of the outpatient block of the hospital had developed cracks resulting to leaking during rainy seasons. However, no repairs had been done on the building which is a great risk to patients and staffs.

In the circumstances, value for money incurred on repairs and maintenance expenses of Kshs.1,635,620 could not be confirmed.

3. Payment to Employees for Hours not on Duty

The statement of financial performance reflects employee costs amount of Kshs.145,076,215 as disclosed in Note 8 to the financial statements. The hospital work schedule from 1 July, 2022 to 30 September, 2022 indicated that the doctors should have worked for ninety-two (92) days. However, a sample of six doctors attached to the hospital worked for between thirty-four (34) and forty (40) days despite being fulltime employees. In addition, the actual hours worked by these doctors were not indicated on the work schedule. This was contrary Article V(A) of to the Collective Bargaining Agreement between the County Government of Kiambu and the Kenya Medical Practitioners, Pharmacists and Dentists Union which requires doctors to work for forty (40) hours a week.

In the circumstances, the value for money paid to six (6) doctors could not be confirmed.

4. Failure to Recover Training Levy

The statement of financial performance reflects employee costs of Kshs.145,076,215 as disclosed in Note 8 to the financial statements. Review of payroll indicates that the Management failed to recover 10% training levy in respect of two doctors who were on a three-year masters programme at the University of Nairobi. This was contrary to Paragraph 6.1(d)(i) of the Guidelines on Managing Training in Public Service, 2017 which requires an Officer to contribute to the cost of his/her training at the rate of 10% of his basic salary for local courses lasting four (4) weeks or more.

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

5. Installation of Hospital Management Information System

The statement of financial position reflects trade and other payables balance of Kshs.13,392,975 which includes Kshs.500,000 relating to installation of Hospital Management Information System. It was noted that the system was procured at Kshs.1,900,000 on 19 September, 2022 and partial installation was done but the disclosed amount of Kshs.500,000 was not supported invoices and certificate of work done.

In the circumstances, the value for money of Kshs.500,000 incurred on the installation of Hospital Management Information System could not be confirmed.

6. Non-Testing of Patients for Tuberculosis

The statement of financial performance reflects medical/clinical costs of Kshs.22,773,065 relating to 37,300 registered patients out of which only one hundred and seventy (170) patients were tested for tuberculosis. This was contrary to Paragraph 2.3.2 of the Ministry of Health Integrated Guideline for Tuberculosis, Leprosy and Lung Disease, 2021 which requires all patients presenting to a health facility be screened for tuberculosis regardless of having signs or symptoms.

The screening was to be administered through asking questions such as cough, hotness of body, drenching night sweats, unintended weight loss and chest pain where further clinical review is to be undertaken if the patient replies yes to any of the questions. Although Management indicated to have screened all patients using the questionnaire, it was not possible to confirm this assertion since the answers to the questions were not recorded on a patient database.

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

7. Non-compliance with Universal Health Coverage Requirements

Review of Hospital records, interviews with Management and physical inspection of services offered, equipment used and medical specialists in the Hospital at the time of audit, revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by forty fifty-seven (57) or 44% of the authorized staff requirements as detailed below:-

| Staff Requirements | Level 4 Standard | No. in Hospital | Variance | Percentage % |
|--------------------|------------------|-----------------|----------|--------------|
| Medical Officers | 16 | 4 | 12 | 75 |
| General surgeons | 2 | 0 | 2 | 100 |
| Gynaecologists | 2 | 1 | 1 | 50 |
| Pediatrics | 2 | 1 | 1 | 50 |
| Radiologists | 2 | 1 | 1 | 50 |

| Staff Requirements | Level 4 Standard | No. in Hospital | Variance | Percentage % |
|--|-------------------------|------------------------|-----------------|---------------------|
| Kenya Registered Community Health Nurses | 75 | 34 | 41 | 55% |
| Total | 101 | 44 | 57 | 44% |

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

| Service | Level 4 Hospital Standard | Actuals in the Hospital | Variance | Percentage % |
|---|----------------------------------|--------------------------------|-----------------|---------------------|
| Beds | 150 | 49 | 101 | 67 |
| New born unit incubators | 5 | 4 | 1 | 20 |
| New Born Unit Cots | 5 | 2 | 3 | 60 |
| Functional ICU beds | 6 | 0 | 6 | 100 |
| High Dependency Unit (HDU) beds | 6 | 0 | 5 | 100 |
| Renal Unit with at least 5 Dialysis Machines | 5 | 0 | 5 | 100 |
| Two Functional Operational Theatres – Maternity & General | 2 | 1 | 1 | 50 |

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

In the circumstances, the understaffing and inadequate hospital equipment may negatively have impacted on service delivery to the public.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Value Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,323,075. Physical inspection revealed that the hospital has various assets such as land, buildings, motor vehicle, computers, furniture and various medical equipment among others but the assets were not valued. Further, the hospital did not maintain an asset register indicating asset name, tag number and specific asset location hence it was not possible to identify specific assets for physical verification.

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

2. Lack of an Incinerator

The statement of financial performance reflects medical/clinical costs amount of Kshs.22,773,065. Physical inspection indicated the hospital does not have an incinerator for waste disposal neither had the hospital adopted a burn and bury method of disposal. However, medical waste had to lie undisposed in the hospital for a period of between one and two months before it is assembled and transported to other public health facilities for disposal.

In the circumstances, the effectiveness of internal controls on waste disposal could not be confirmed.

3. Weaknesses in Drugs Management

The statement of financial position reflects inventories balance of Kshs.2,332,067. The delivery notes indicated receipt of medical products amounting to Kshs.20,100,151. However, the stock cards used to issue the products to various departments in the hospital did not indicate the batch numbers and the expiry dates. It was not possible to establish whether the issuance of the products followed the principal of First Expiry First Out (FEFO). This was contrary of the Ministry of Health Guidelines on Management of

Health Products and Technologies 2020 which require medical commodities be issued through the principle of First Expiry First Out (FEFO). Further issuance records for medical commodities worth Kshs.2,451,879 could not be traced in the stores. In addition, there were no policy guidelines on the required reorder levels hence not possible to confirm whether commodities were procured within the required stock levels. This resulted to frequent stock outs of medical products at the hospital which significantly affects the life of patients.

In the circumstances, the effectiveness of internal controls in drugs management could not be confirmed.

4. Weaknesses in Management of Medical Commodities

The statement of financial position reflects inventory balance of Kshs.2,332,067. Delivery notes indicated receipt of medical commodities valued at Kshs.20,100,151 out of which Kshs.13,575,147 relates to pharmaceuticals. A walkthrough of the hospital system indicates a patient first registers at a registration counter after which examination and diagnostic tests are done and drugs are prescribed to be dispensed at the outpatient pharmacy at a fee. However, there was no evidence to show drugs issued were dispensed to specific patients based on doctor's prescription. Further medical commodities were issued from the store to the laboratory, maternity ward and comprehensive care clinic but were not supported by utilization reports.

In the circumstances, the effectiveness of controls over management of medical commodities could not be confirmed.

5. Expired Medical Commodities

The statement of financial position reflects inventories balance of Kshs.2,332,067. Review of stock control cards indicated twenty-four thousand three hundred and eighty seven (24,387) quantities of various medical commodities of undetermined value had expired as at 30 June, 2023. Further, the expired commodities were still held in the store undisposed for over nine (9) months after expiry posing a risk of unintentional usage.

In the circumstances, the effectiveness of internal controls and risk management over medical commodities could not be confirmed.

6. Weaknesses in Vaccines Management

The statement of financial position reflects inventories balance of Kshs.2,332,067. The Hospital received 8,670 doses of three vaccines of undetermined value. However, vaccine utilization ledgers of these vaccines (OPV, Rota and BCG) indicated a wastage rate of 16%, 46% and 69% respectively. However, the Hospital did not have policy guidelines on the acceptable wastage rate for each vaccine. For instance, out of the 3,530 doses of BCG used, only 1,079 children were vaccinated resulting to 2,451 wasted doses or 69% wastage rate. The high wastage rate represents a missed opportunity for children

to be vaccinated. High wastage rate means children are denied the opportunity to be vaccinated hindering the achievement of universal healthcare coverage for all.

In the circumstances, the effectiveness of internal controls over vaccines management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


24 June, 2024


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

| Description | Notes | 2022/23 | 2021-2022 restated |
|--|-------|--------------------|-----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| In- kind contributions from the County Government | 5 | 154,173,767 | 159,247,292 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 6 | 25,375,171 | 19,777,286 |
| Revenue from exchange transactions | | | |
| Total revenue | | 179,548,938 | 179,024,578 |
| Expenses | | | |
| Medical/Clinical costs | 7 | 22,773,065 | 7,979,158 |
| Employee costs | 8 | 145,076,215 | 161,102,254 |
| Transfer to county | 9 | 1,968,437 | 0 |
| Board of Management Expenses | 10 | 28,500 | 28,500 |
| Repairs and maintenance | 11 | 1,635,620 | 745,715 |
| General expenses | 12 | 3,390,019 | 2,300,167 |
| other payments | | 902,317 | 370,000 |
| Total expenses | | 175,774,173 | 172,525,794 |
| Other gains/(losses) | | | |
| Gain on foreign exchange transactions | | | |
| Total other gains/(losses) | | | |
| Net Surplus for the year | | 3,774,765 | 6,498,784 |
| Attributable to: | | | |
| Surplus/(deficit) attributable to minority interest | | | |
| Surplus attributable to owners of the controlling entity | | 3,774,765 | 6,498,784 |

The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:


Prof: Njenga Munene
Chairman
Board of Management


S. Muthee
Head of Finance
ICPAK No:30915

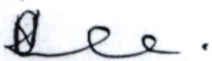

Dr. Angela Wekesa
Medical Superintendent


Igegia level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


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

| Description | Notes | 2022/23 | 2021/22 restated |
|--|-------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 13 | 4,813,855 | 950,987 |
| Receivables from exchange transactions | 14 | 3,287,500 | |
| Receivables from non-exchange transactions | 15 | 9,910,027 | 9,910,027 |
| Inventories | 16 | 2,332,067 | 3,229,971 |
| Total Current Assets | | 20,343,449 | 14,090,985 |
| Non-current assets | | | |
| Property, plant, and equipment | 17 | 3,323,075 | 787,075 |
| Total Non-current Assets | | 3,323,075 | 787,075 |
| Total assets | | 23,666,524 | 14,878,060 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 13,392,975 | 8,379,276 |
| Total Current Liabilities | | 13,392,975 | 8,379,276 |
| Non-current liabilities | | | |
| Total Non-current liabilities | | | |
| Total Liabilities | | 13,392,975 | 8,379,276 |
| Net assets | | | |
| Revaluation reserve | | | |
| Accumulated surplus/Deficit | | 10,273,549 | 6,498,784 |
| Capital Fund | | | |
| Total Net Assets and Liabilities | | 23,666,524 | 14,878,060 |

The Hospital's financial statements were approved by the Board on 5th July 2022 and signed on its behalf by:


Prof:Njenga Munene
Chairman
Board of Management


S.Muthee
Head of Finance
ICPAK No:30915


Dr.Angela Wekesa
Medical Superintendent

Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023


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

| Description | Note | 2022-23 | 2021-22 |
|---|-------------|--------------------|-------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Rendering of services- Medical Service Income | | 23,406,729 | 10,767,829 |
| other receipts | | | 900,570 |
| Total Receipts | | 23,406,729 | 10,767,829 |
| Payments | | | |
| Medical/Clinical costs | | 8,927,290 | 4,400,915 |
| Employee costs | | 3,460,661 | 1,854,962 |
| Board of Management Expenses | | 28,500 | |
| Repairs and maintenance | | 1,354,340 | 654,145 |
| other payments(to county) | | 884,465 | 510,000 |
| General expenses | | 2,901,759 | 1,951,059 |
| Total Payments | | 17,557,015 | 9,371,081 |
| Net cash flows from operating activities | | 5,849,714 | 1,396,748 |
| Cash flows from investing activities | | | - |
| Purchase of property, plant, equipment, & intangible assets | | (1,986,846) | (587,075) |
| Net cash flows used in investing activities | | | |
| Cash flows from financing activities | | | |
| Net cash flows used in financing activities | | (1,986,846) | (587,075) |
| Net increase/(decrease) in cash and cash equivalents | | 3,862,868 | 809,673 |
| Cash and cash equivalents at 1 July 2022 | | 950,987 | 141,314 |
| Cash and cash equivalents at 30 June 2023 | 13 | 4,813,855 | 950,987 |

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

| Description | Original budget | Adjustments | Final budget | Actual | % of utilization |
|--|--------------------|-------------|--------------------|--------------------|------------------|
| | | | | Cumulative to date | |
| | a | b | c=(a+b) | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Revenue | | | | | |
| In Kind Contributions from The County Government | 154,173,767 | | 154,173,767 | 154,173,767 | 100 |
| Rendering of services- Medical Service Income | 22,177,799 | | 22,177,799 | 25,375,171 | 114 |
| Total income | 176,351,566 | | 176,351,566 | 179,548,938 | 102 |
| | | | | | |
| Expenses | | | | | |
| Medical/Clinical costs | 20,436,360 | | 20,436,360 | 22,773,065 | 111 |
| Employee costs | 145,206,029 | | 145,206,029 | 145,076,215 | 100 |
| Remuneration of directors | 350,000 | | 350,000 | 28,500 | 8 |
| Repairs and maintenance | 1,714,500 | | 1,714,500 | 1,635,620 | 95 |
| General expenses | 3,306,800 | | 3,306,800 | 3,390,019 | 103 |
| Other Payments | 902,317 | | 902,317 | 902,317 | 100 |
| To county | 4,435,560 | | 4,435,560 | 1,968,437 | 44 |
| Total expenditure | 176,351,566 | | 176,351,566 | 175,774,173 | 100 |
| Surplus for the period | | | | 3,774,765 | |

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

| | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|---|---------------------|-----------------------------|--------------|-------------------|
|  | | | | |
| At July 1, 2021 | 0 | 0 | 0 | |
| Revaluation gain | 0 | - | - | |
| Surplus/(deficit) for the year | - | 6,498,784 | - | |
| Capital/Development grants | - | | 0 | |
| At June 30, 2022 | 0 | 6,498,784 | 0 | 6,498,784 |
| Revaluation gain | | - | - | |
| Surplus/(deficit) for the year | - | 3,774,765 | - | 3,774,765 |
| Capital/Development grants | - | | - | |
| At June 30, 2023 | | 10,273,549 | | 10,273,549 |

19. Notes to the Financial Statements

1. General Information

Igegania level 4 hospital is established by and derives its authority and accountability from kiambu health Act. The entity is wholly owned by the kiambu County Government and is domiciled in kiambu County in Kenya. The hospital's principal activity is to provide quality healthcare the citizens of Gatundu North and its environs

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 in Note 6-19 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 kiambu county health act 2019 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 22/23 was approved by Board on 5th *may* 22. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.. 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.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. 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.

g. Research and development costs

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

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Trade and other receivables

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

Financial liabilities

Classification

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

h. Inventories

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

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

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

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

i. 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

j. Social Benefits

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

k. 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.

l. Contingent assets

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

m. 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

n. Employee benefits

Retirement benefit plans

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

o. 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.

p. Borrowing costs

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

q. Related parties

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

r. 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.

s. Comparative figures

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

t. Subsequent events

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

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

Notes to Financial Statements

5. In Kind Contributions from The County Government

| Description | 2022/ 2023 | 2021/2022 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Salaries and wages | 142,274,140 | 159,247,292 |
| Pharmaceutical and Non-Pharmaceutical Supplies | 11,899,627 | |
| Medical supplies-Drawings Rights (KEMSA) | | - |
| Utility bills | - | - |
| Total grants in kind | 154,173,767 | 159,247,292 |

6. Rendering of Services-Medical Service Income

| Description | 2022/23 | 2021/2022 |
|---|-------------------|-------------------|
| | Kshs. | Kshs |
| Pharmaceuticals | | 2,389,705 |
| Laboratory | | 3,099,370 |
| Orthopedic and Trauma Technology | | 43,650 |
| Theatre | | 171,750 |
| Ear Nose and Throat service | | 7,500 |
| Dental services | | 193,500 |
| Reproductive health (LINDA MAMA) | 5,543,950 | 5,000,000 |
| Other medical services income | 19,831,221 | 8,871,811 |
| Total revenue from the rendering of services | 25,375,171 | 19,777,286 |

Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

7. Medical/ Clinical Costs

| Description | 2022/23 | 2021/2022 restated |
|--------------------------------------|-------------------|-----------------------|
| | Kshs | Kshs |
| Dental costs/ materials | | |
| Laboratory chemicals and reagents | 1,671,015 | 1,334,683 |
| Food and Ration | 1,433,402 | 1,358,690 |
| Uniform, clothing, and linen | | 95,000 |
| Dressing and non-pharmaceuticals | 3,010,100 | 2,809,920 |
| Pharmaceutical supplies | 15,185,896 | 742,051 |
| Health information stationery | 636,430 | 915,600 |
| Sanitary and cleansing Materials | 207,748 | 367,082 |
| Purchase of Medical gases | 349,928 | 356,132 |
| Other medical related clinical costs | 278,546 | |
| | 22,773,065 | 7,979,158 |

Note. Medical cost is restated by Debiting the medical cost and Crediting. The payables by ksh.3,360, 340.

8. Employee Costs

| Description | 2022/23 | 2021/2022 |
|---|--------------------|--------------------|
| | Kshs. | Kshs |
| Salaries, wages, and allowances | 142,274,140 | 159,247,292 |
| Other employee costs (<i>CASUALS</i>) | 2,802,075 | 2,513,548 |
| Employee costs | 145,076,215 | 161,760,840 |

9. Transfer to the county Government

| | Amount recognized to Statement of financial performance | |
|-------------------------------|---|----------|
| | KShs | KShs |
| IGEGANIA LEVEL 4 HOSPITAL 20% | 1,968,437.00 | |
| Total | 1,968,437.00 | 0 |

10. Board of Management Expenses

| Description | 2021/22 | 2021/2022 |
|--------------------|---------------|-----------|
| | Kshs. | Kshs |
| Sitting allowance | 28,500 | |
| Airtime allowances | | |
| Total | 28,500 | |

11. Repairs And Maintenance

| Description | 2022/23 | 2021/2022 |
|------------------------|------------------|----------------|
| | Kshs | Kshs |
| Property- Buildings | 858,040 | 261,465 |
| Medical equipment | 390,400 | 269,000 |
| Motor vehicle expenses | 387,180 | 215,250 |
| | 1,635,620 | 745,715 |

12. General Expenses

| Description | 2022/23 | 2021/2022 |
|---------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Conferences and delegations | 60,000 | 58,000 |
| Contracted services | 759,500 | 610,500 |
| Electricity expenses | 1,507,039 | 1,000,884 |
| Printing and stationery (G.O.S) | 527,410 | 397,652 |
| Water and sewerage costs | 295,760 | 36,220 |
| bank charges | 50,310 | |
| other fuel& cooking gas | 145,000 | 196,911 |
| airtime | 45,000 | |
| Total General Expenses | 3,390,019 | 2,300,167 |

13. Cash And Cash Equivalents

| | 2022/2023 | 2021/2022 |
|--|------------------|----------------|
| | KShs | KShs |
| Current accounts | 4,813,855 | 950,987 |
| Total cash and cash equivalents | 4,813,855 | 950,987 |

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

| Description | | 2022/23 | 2021/2022 |
|---------------------------|----------------|------------------|----------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1256178829 | 3,400 | 884,465 |
| Family bank | 001000053775 | 37,170 | 0 |
| Cooperative bank | 01141558217300 | 4,773,285 | 66,522 |
| | | | |
| Sub- total | | | |
| Grand total | | 4,813,855 | 950,987 |

14. Receivables From Exchange Transactions

| Description | 2022/23 | 2021/2022 |
|------------------------------|------------------|-----------|
| | Kshs. | KShs |
| Medical services receivables | 3,287,550 | - |
| Total receivables | 3,287,550 | 0 |

Analysis of Receivables from Exchange Transactions

| Description | 2022/2023 | | 2021/2022 | |
|--------------------|------------------|----------------|-----------|----------------|
| | Kshs | | Kshs | |
| | 2022/2023 | % of the total | 2021/2022 | % of the total |
| Less than 1 year | 3,287,550 | | 0 | - |
| Over 3 years | | % | | % |
| Total (a+b) | 3,287,550 | % | - | % |

15. Receivables From Non-Exchange Transactions

| Description | 2022/2023 | 2021/2022 |
|--------------------------------------|---------------------|-----------|
| | Kshs. | KShs |
| Transfers from the County Government | 9,910,027 | 9,910,027 |
| Less: impairment allowance | - | |
| Total | 9,910,027.00 | |

Analysis of Receivables from Non-Exchange Transactions

| Description | 2022/2023 | | 2021/2022 | |
|--------------------|------------------|----------------|------------------|----------------|
| | Kshs | | Kshs | |
| | 2022/2023 | % of the total | 2021/2022 | % of the total |
| Less than 1 year | | 100 | 9,910,027 | 100 |
| Between 1- 2 years | 9,910,027 | % | | |
| Between 2-3 years | | % | | |
| Over 3 years | | % | | |
| Total (a+b) | 9,910,027 | % | 9,910,027 | |

16. Inventories

| Description | 2022/23 | 2021/2022 |
|--|---------------------|---------------------|
| | KShs. | KShs |
| Pharmaceutical supplies | 2,188,644.00 | 1,926,182.00 |
| Food supplies | 16,283.00 | 78,844.61 |
| Non-Pharmaceutical supplies | | 283,124.00 |
| Cleaning materials supplies | | 69,500.00 |
| lab supplies | | 611,340.00 |
| stationary | 127,140.00 | 260,980.00 |
| Less: provision for impairment of stocks | | |
| Total | 2,332,067.00 | 3,229,970.61 |

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equip-ment | Plant and medical | Capital | Total |
|-------------------------------------|------|---------------------------|----------------|---|------------------|-------------------|-------------------|------------------|
| | | | | | | equipment | Work in pro-gress | |
| | Shs | | Shs | Shs | Shs | Shs | Shs | Shs |
| Cost | | | | | | | | |
| At 1 July 2021 | | | | | | | | |
| Additions | | | | | | 787,075 | | 787,075 |
| At 30th June 2022 | | | | | | 787,075 | | |
| | | | | | - | | - | 787,075 |
| At 1 st July 2022 | | | | | | 787,075 | - | 787,075 |
| Additions | | | | | 1,786,000 | 750,000 | | 2,536,000 |
| Disposals | | | | | | | | |
| Trans-fer/adjustments | | | | | | | | |
| At 30th June 2023 | | | | | 1,786,000 | 1,537,075 | - | 3,323,075 |

Notes to the Financial Statements (Continued)

18. Trade and other Payables

| Description | 2022/2023 | 2021-2022 |
|---|-------------------|------------------|
| | KSh. | KSh. |
| Trade payables | 13,392,975 | 8,379,276 |
| Employee dues | - | |
| Third-party payments (<i>unremitted payroll deductions</i>) | - | |
| Audit fee | | |
| Total trade and other payables | 13,392,975 | 8,379,276 |

Note. Medical cost is restated by debiting the medical cost and crediting The payables by ksh.3,360,340

19. 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:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 2016. 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

(iii) Market risk

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

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

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:

Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Notes to the Financial Statements (Continued)

20. Related Party Balances

Nature of related party relationships

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

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

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

21. Events after the Reporting Period

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

22. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of kiambu.

23. Currency

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

Igegania level 4 Hospital (kiambu County Government)
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20. Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

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

Guidance Notes:

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

NOTE: This is our second year doing the reports the first audited reports in June 2023 we are yet to get our final recommendations and report as well as opinion.

Dr. Angela Wekesa
Accounting Officer

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Appendix II: Inter-Entity Confirmation Letter

IGEGANIA LEVEL 4 HOSPITAL
P.O BOX 84
GATUNDU NORTH

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

| Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 20XX | | | | |
|--|--|--|---|--------------------|
| | | Amounts Disbursed by [kiambu healthFund] (KShs) as at 30th June 2023 | Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E) | Differences (KShs) |
| | | | | (F)=(D-E) |

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| Reference Number | Date Dis-bursed | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
|------------------|-----------------|---------------|-----------------|-----------------------|----------------------|--|--|
| | July | 5,904,750 | | | 5,904,750 | | |
| | September | 1,882,684 | | | 1,882,684 | | |
| | September | 234,139 | | | 234,139 | | |
| | December | 3,774,131 | | | 3,774,131 | | |
| | March | 4,771,234 | | | 4,771,234 | | |
| | June | 6,799,225 | | | 6,799,225 | | |
| Total | | 23,366,164 | | | 23,366,164 | | |

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

Head of Accounts Department of the beneficiary entity:

Name **Dr. Angela Wekesa**

Sign



Date: **30th june 2023**

