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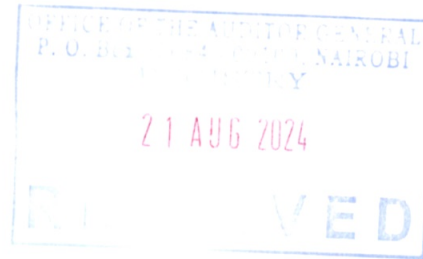
WANGIGE LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KIAMBU

25/09/24
S.M.L.
Angela



Wangige 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
HAO	Hospital Administrative Officer
NSM	Nursing Service Manager
KAM	Kenya Associations of Manufacture
MOPC	Medical Outpatient Clinic
POPC	Paediatric Outpatient Clinic
GOPC	Gynaecology Outpatient Clinic
TB	Tuberculosis
CCC	Comprehensive Care Centre
OSHA	Occupational Safety Health Administration
ENT	Ear Nose Throat
IMCI	Integrated Management of Childhood Illness
CWC	Child Welfare Clinic
PMTCT	Prevention of Mother to Child Transmission
FY	Financial year
CEC	County Executive Committee

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Wangige Hospital is a level 4 hospital established under gazette notice number 3616 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity mandate of the hospital is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

Vision

An efficient effective and high quality health care system that is accessible and affordable for every person in Kiambu County

Mission

To provide health services that is equitable, accessible and accountatable to the people of Kiambu County through participatory Leadership

Core objective

Preventive and promote health services
Curative and rehabilitative health service

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility are:

No.	Designation	Name
1.	Medical Superintendent	Dr Bruce .O. Semo
2.	Head of finance	Francis N Kagwi
3.	Head of supply chain	Ann Muthoni Gichini
4.	Administrative officer	Eston Mbuthia Karimi
5.	Nursing service manager	Jane Mwangi

(c) **Fiduciary Oversight Arrangements**

1. Human Resource Committee: - Comprises Med Supt, HAO, NSM, Lab In Charge, Pharmacist in charge, Accountant. This team is responsible for Reviewing, continuously assessing and planning the human resource component Of the hospital.

2. Procurement Committee:- Comprises Of med Supt, HAO, NSM, Procurement Officer and Accountant responsible for procurement processes in the hospital.

3. Quality improvement team: - Comprises of Pharmacist in charge, Lab in charge, NSM, Procurement and HAO. This committee is in charge of ensuring the hospital Offers high standards of quality on each front.

4. Advisory Committee: - Comprises of Med Supt, HAO, NSM, This Committee is in charge of staff training, staff appraisal or sanctioning staff according to Performance.

5. Data Review Committee: - Comprises of HRIO, Med supt, Pharmacist I/C, Lab I/C. This committee is in charge of ensuring data presented is accurate Verifiable and presented in a timely manner

6. Infection prevention Control Committee:- Comprises Public health officer, HAO, NSM, Pharmacist i/c, Lab I/C. In charge of ensuring the health safety of staff And patients with regards to the environment.

7. Medicine and therapeutic committee: - in charge of audit of drugs reaction and advice the acquisition of Essential drugs

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 178-00127
Kitsuru Road
Kabete, Kenya

(g) Entity Contacts

Telephone: (+254) 748293903
E-mail: wangigehospital@gmail.com
Website: www.kiambu.go.ke

(h) Entity Bankers

Family Bank Kenya (Wangige branch)
Kenya Commercial Banks (kikuyu branch)

(i) Independent Auditors

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

(j) Principal Legal Adviser




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



(k) County Attorney

P.O. Box. 2344-0900
Kiambu, Kenya

*Wangige level 4 Hospital (Kiambu County Government)
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3. The Board of Management



Ref	Directors	Details
1.	 <p>Charles Edward Kabetu (Dr) Chairman to the board</p>	<p>Born in 1956, Dr. Kabetu has over 30years experience, he is Adjust professor Department of Anaesthesiology Jomo Kenyatta University. Dr. Kabetu is also Chief medical specialist in Anaesthesia and critical care-KNH. Dr. Kabetu holds a Master Medical Anaesthesia-1984-1987 UON. Bachelor of Medicine and Bachelor of Surgery-1977-1983 UON.</p>
2.	 <p>Alice Njeri Nganga</p>	<p>Born in 1971, Mrs Alice Njeri is front office Manager of KAM health Services. Mrs Alice Njeri is also sale and marketing. Mr Kaja holds diploma Sales Management-2007-2008 Universal College Nairobi</p>
3.	 <p>Amos Gitungo Kaja</p>	<p>Born in 1961, Mr Kaja is Administrator of Rafiki Children Home under Rafiki AIDS Ministry. Mr Kaja is also sale and marketing. Mr Kaja holds diploma sale and marketing- Griffins College</p>

4.	 <p>Rachael Nyanbura Nyonyo</p>	<p>Born in 1957, Mrs Racheal Nyambura is proprietor and manager of Ramos Medical Clinic. Mrs Racheal Nyambura is also Guidance and counselling. Mrs Racheal Nyambura holds diploma in Nursing-1977-1980 KMTC</p>
5.	 <p>Bruce O Semo (Dr) Secretary to the board</p>	<p>Born in 1983, Dr. Semo is a Consultant Obstetrics & Gynaecology. Dr. Semo is also a Medical Superintendent at Wangige L 4 Hospital. Dr. Semo holds a Master of Medical in Obstetrics & Gynaecology- UoN. Bachelor of Medicine and Bachelor of Surgery-UoN.</p>

4. Key Management Team

Ref	Management	Details
1.	 Dr. Bruce O. semo- MBCHB MMED (OBS&GYNAE)	Medical Superintendent Work Experience-11 Years Responsibilities: Provision of visionary and transformational leadership in the management of the hospital: oversee the implementation of the Boards resolutions; prudent management of resources; and formulation of long term strategies and business plans.
2.	 Eston Mbuthia Karimi- BSc-Health Systems Management, Diploma in Business Management, Cert in LHII	Head of Administration Work Experience:-13 yrs. Responsibilities: Provides leadership while creating a positive and productive culture is involved in the planning, direction and coordination of day-to-day operations to deliver the best quality of patient care is overall in charge of setting standards to drive operational excellence.
3.	 Jane Mwangi -BSC-Nursing/Diploma Comm.Nursing	Head of Nursing Service Manager Work Experience-30 years Responsibilities: Formulation, review and interpretation of Kiambu County health care policies relating to nursing services; ensuring to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.

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4.	 <p>CPA Francis N. Kagwi- B.Comm-Finance/CPA K</p>	<p>Head Of Finance Work Experience-19 Years Responsibilities: Coordinating the preparation of budgets Financial Reporting; providing administrative direction as head of the finance and provision of transformational leadership to achieve the vision and mandate of the Hospital.</p>
5.	 <p>Raphael Njugi Kiarie- Bachelor –Supply Chain Management/ CIPS Level V</p>	<p>Head Of Supply Chain Work Experience-10 years Responsibilities: Reviewing procurement evaluation reports and provide professional procurement or asset disposal; interpretation, implementation and enforcement of the Public Procurement regulations.</p>

5. Chairman’s Statement

It is my pleasure to present the Hospital’s 2022/23 annual report and Financial Statements. The Board of Management is proud of the achievements realized by the hospital in this period, where the board has interacted with the team in year 2022/23 in its two time sittings.

I am particularly impressed by the “can do attitude” of staff coupled with their commitment to delivering the best possible service to patients.

Regulatory environment

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

Sector Alignment

The Hospital’s operations are also influenced by various global, regional and national strategies aimed at promoting, restoring, and maintaining the Health care service delivery. The agenda aims to provide affordable healthcare for all households through NHIF scheme.

Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the Health department, The Kiambu County and development partners for the support they continue to accord the hospital without which our achievements would not have been realized. Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the years



.....
Dr Charles Edward Kabetu
Chairman to the Board

6. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2022/23. The report highlights the hospital's operational and financial performance as well as our strategic direction.

It's a great team driven by a will to provide highest quality of care and ensure customer satisfaction.

The service providers have formed an organization with seamless cog wheels running to provide a health service that is equitable, accessible and accountable to the people of Kiambu County. This is the most important asset that has driven the accomplishments recounted in this report that I provide to you- the

Health workforce.

We have a variety of disciplines working together and guided by personal, social and ethical principles.

This, coupled with adherence to the civil servants' code of ethics, has driven Wangige sub- County Hospital to be a model level four hospital providing highest standard of healthcare.

The past one year has been marked by great strides in all pillars of healthcare by aligning our activities to the Kiambu county strategic plan. We have ensured that we remain accountable to the

County Health Management Team and taken advantage of their reports as a benchmark to improve our service delivery. Despite constant exposure to continuous challenges, we have remained enthusiastic on service provision and remained focused on realizing our primary goal.

Infrastructure and equipment

This financial year will be remembered for many reasons in this hospital. Top on the list is the expansion of service delivery in several departments; the facility has had an upgrade of infrastructure and procurement of new equipment in several departments supported by the hospital facility improvement funds, the county government and collaboration with private donors.

Despite several challenges, the hospital management team in collaboration with the county health management team facilitated operationalization of the surgical operating theatre, introduction of a Radiology department, expansion of service delivery in the laboratory department. Strengthening of administration through decentralization of roles, coupled with the above developments Has seen great developments in Wangige sub county hospital as will be demonstrated in this report.

Clinical performance

The department of reproductive health has increased its bed capacity from 15 to 30 by establishing a ward in the recently developed clinical wards block which is in line with the increased Demand for services and a requirement for all model level 4 hospitals. To increase efficiency and Capacity of services being offered,

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the hospital for the first time formed a surgical operating theatre and Operationalized the newly constructed operating theatre. Formulation of standards operating protocols derived from national health policies and guidelines have been undertaken. The facility currently Provides surgical services in the department of reproductive health and has seen several lives saved through this initiative. The laboratory services have been expanded; the department has newly procured and installed Laboratory equipment which allows services previously sourced from external service providers to be offered within the facility. There is a newly formed department of radiology with a newly installed x-ray machine and Ultrasound machine in place. Once the infrastructure is fully completed, the hospital will be able to provide extended radiological services. The overall expansion is also taking place in the dental Department which has since seen an extensive revamp and increased demand of services, and the Pharmacy department which has since almost doubled its collections due to efficiency in service delivery.

Human resource and capacity building

The past one year has seen the hospital face great bottlenecks in human resource impacting negatively in service delivery and slowing down development plans intended to increase quality and variety of services delivered. The facility has seen a high turnover rate of health care workers in various Departments which not only affects the administrative structure but also the service provision by withdrawing staff already impacted with skill through the hospitals internal capacity building programs Like continuous medical educations. Kindly find the breakdown of the health-workers available in the facility against the work loading the Report.

Financial performance

The facility operates through two sources of funds, the NHIF collections from service delivery to approved patients and FIF collections. During the past financial year, a total of Kes 10 million was collected from NHIF and Kes 10 million from FIF bringing our total annual collection to Kes 20 million

For


.....

Dr. Bruce O Semo

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Wangige level 4 hospital has 2 strategic pillars and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars are as follows;

Pillar 1: Service Delivery

Pillar 2: Health Financing

Wangige level 4 hospital develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Wangige level 4 hospital achieved its performance targets set for the FY 2022/2023 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Service Delivery	Eliminate Communicable conditions Eliminate Non Communicable conditions	Average length of stay - Bed Turnover	Immunization -Child health -Screening for communicable conditions -Antenatal Care -Prevention of mother to child HIV transmission -Integrated Vector management - Good hygiene practices - HIV and STI	-Reduction in mortality and morbidity rates by 5% - Reduction in Number of HIV Prevalence. -Reduction in the NCD complications

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Health Financing	Provide essential Medical services	<ul style="list-style-type: none"> -Average waiting time -Medical equipment utilization -Insurance claim processing time 	<ul style="list-style-type: none"> - General Outpatient - Integrated MCH / Family Planning services - Accident and Emergency - Emergency life support - Maternity - New born services - Reproductive health - In Patient services - Clinical Laboratory - Specialized laboratory - Imaging - Pharmaceutical 	<ul style="list-style-type: none"> -Increase in the number of caesarean sections -Reduction of waiting times For patients. -increased specialised test
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8. Corporate Governance Statement

The facility is governed by the Board of Management. The Hospital Management Board was gazetted vide the Kenya Gazette Vol. Cxxiii- NO. 3616 dated 16th April, 2021. The Board Members were issued with appointment letters dated 19th April, 2021 stating their term in office is three (3) years with effect from 1st May 2021 which can only be renewed once. The power for appointment and removal of the board members is vested on the County Executive Committee in-charge-of health services member in line with the Constitution of the Kiambu County Health Services Acts (no. 2 of 2019).

The Executive Member appointed a Board for Wangige Level 4 hospital, comprising of;

- (a) A chairperson who is not a staff of the County Government with a minimum of a diploma;
- (b) The hospital superintendent who is the secretary to the board.
- (c) Four residents of the sub-county in which the hospital is located who have attained basic level education taking into account gender parity and special interest groups.

The Board may co-opt any person with relevant expertise necessary to assist the Board determine a matter.

The Executive Member may remove from office any member of the Board who;

- (a) Has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
- (b) Is adjudged bankrupt;
- (c) Is unable to discharge his or her duties due to physical or mental incapacity;
- (d) Violates or is suspected of violating the provisions of Chapter six of the Constitution; or
- (e) Is charged with a criminal offence in court of law or a traffic offence attracting an imprisonment term of a minimum of six months.

On board meetings; the Board held their first meeting at the hospital on 7th July 2021. The Board held four (4) meetings on the last financial year 2022- 2023. The attendance for the all meetings was >100%.

The Board is on the process of coming up with the succession plan and charter.

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As per the Act, the roles and functions of the board are as follows:

- (a) Provide oversight over the general administration of the hospital.
- (b) Promote the development of the hospital.
- (c) Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital.
- (d) Recommend to the Executive Member budget estimates.
- (e) Establish 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 set targets and advice the Executive Member.
- (h) Carrying out any other function that maybe assigned by the Executive Member.

The Board has performed exemplary well on their mandates during the last financial year despite challenges and are more committed to achieve much on the next financial year. The board was trained and inducted on their roles and were duly vetted before they were issued with appointment letters. There was no conflict of interest that arose in line with the Board executing their mandates. No Board Member was appointed in the current year.

The Board Members remunerations were based on the salary and remuneration commission circulars dated 16th April, 2014 Ref. No: SRC/ADM/CIR/1/13(122).

The board uses the charter of the Kiambu County Government. The conduct of the board members was ethical as they followed the code of conduct during their execution of their mandates as per the Kiambu Health act, 2019.

9. Management Discussion and Analysis

Wangige Sub county hospital continues to provide a wide range of healthcare services to patients from Kabete and its environs. Services include specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care, day care procedures for surgery, ophthalmology, dental, TB and CCC. The hospital also provides clinical support services that include, laboratory, pharmacy. The hospital strives to ensure that the clinical services provided are safe, timely, Appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints.

Overall patient attendance

Average patient attendance for the year 2022/2023 was

- 44,598 Outpatients

-1,173 in-Patients with 83% Bed Occupancy Rate

Specialized clinics Attendance

MOPC- 2070

POPC- 135

GOPC- 297

TB- 656

CCC-10881

PSYCHATRIC-734

In-patient admissions

Wangige level 4 hospital admits maternity cases only and day case who requires day care treatment. The Maternity capacity is 28 bed with occupancy rate of 83%. This number is deemed to increase with the theatre service that have started coupled by the free maternity programme (Linda Mama)

Clinical effectiveness

This is the application of the best knowledge, derived from Clinical experience, research mentorship and patient preferences to achieve optimum processes and outcomes of care for the patients. This involves

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Annual Report and Financial Statements for The Year Ended 30th June 2023

deliberate actions and frameworks of informing Changing and monitoring and evaluation of clinical practice.

Patient Safety

The Facility has embarked on all aspects of patient safety which is an integral component of Health service delivery. The hospital is focused to reduce hospital acquired infections and medical errors, reduction of falls and occurrence of venous thrombosis.

Antimicrobial stewardship

The hospital has antimicrobial stewardship committee which has published guidelines on use of antimicrobials in the hospital.

Sponsorships and Partnership

The Facility has continued to partner with UoN crisp, that Support CCC Services, The Unitaid –funded CaP TB project supporting TB clinic Programme


Financial performance

Revenue sources

The Hospital revenue comprises of grants from the County Government, fees charged for services rendered, public contributions and donations, grants from development partners. During the year under review, revenue grew by 90% from Kshs.11 million reported in the FY 2021/22 to Kshs.20 million.

Utilisation of funds

The revenue generated during the period was utilized to fund hospital expenditure that totalled Kshs.13 million.

Fw


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Dr. Bruce O Semo

Secretary to the Board

10. Environmental and Sustainability Reporting

Wangige level Hospital exists to transform lives by being efficient, transparent and accountable offering highest attainable standard of care. Our Mission (*To provide health services that is equitable, accessible and accountable to the people of Kiambu County through participatory Leadership*) is what guides us to deliver our strategy, putting the client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

a) Sustainability strategy and profile

As a level 4 hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the operations. We are committed to being transparent, candid and open about our operation in order to capture the cosmopolitan population of Wangige-Kabete and its environs by identifying and putting into perspective the concept of improving the quality of life for people and communities across the sub-county whilst the MDG: 2030 Agenda for sustainable Development of all UN member state which Kenya is part off.

b) Environmental performance

We intend to construct the modern incinerator and our infection prevention committee is vibrant to ensure all protocol of waste management if adhered to, we also intend have ash pit

Employee welfare

Employees are encouraged and supported to continually build on their skills and knowledge. The hospital invests heavily in learning and development program for employees. These include Continue Medical Education on leadership, management and technical competencies relevant to each employee. We also offer a tuition program (Through County) for employees seeking to further educate or advance themselves through formal programs relating to their current or prospective jobs .Hiring is on competitive basis and fair recruitment looking out for Gender balance and following all applicable laws of the land with regards to employment. Workers are provided with PPE and other prospective materials to minimize exposure and injury at the Hospital. The Hospital is compliance with Occupational Safety and Health Act of 2007, (OSHA.)

c) Market place practices-

Maintaining a sustainable supply chain Our Commitment Wangige Hospital has several suppliers that supply good and services Through COG -Kiambu-Framework. We ensure our own reputation as service provider is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods supplied.

a) Responsible competition practice.

We as the facility ensure competitive, equal and fair opportunity for all groups of people through adhering to Public Procurement and Assets Disposal Act

b) Responsible Supply chain and supplier relations

The Hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payments practices, the management team applies the principal of first in supplies - first payment .The facilities also has a very vibrant receiving and acceptance committee.

c) Responsible marketing and advertisement

Through The Recently Gazetted Hospital Board the Facility reach out to the community through them, the Health Promotion Office and the primary Health workers (Community Health Assistances n Community Health Volunteers).We maintain the transparency culture, protection of Hospital Data and ensure patient and staff welfare is paramount.

d) Product stewardship

Patients are given the utmost respect and privacy

e) Corporate Social Responsibility / Community Engagements

It reaches and outreaches most vulnerable patients and clothing the abandoned children. The facility also undertakes the Covid -19 Vaccination to the villages.

11. Report of the Board of Management

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

Principal activities

The principal activity mandate of the hospital is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

Results

The results of the Wangige level 4 Hospital for the year ended 30th June 2023 are set out on page 1 to 55


Board of Management

The members of the Board who served during the year are shown on page (VII). During the year there was no director who retired or resigned and the five (5) directors were appointed with effect from 16th April 2021.

Auditors

The Auditor General is responsible for the statutory audit of the Wangige level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board

for

.....

Dr. Bruce O Semo
Secretary to the Board

12 Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and Kiambu County Health Act 2019 requires the Board of Management to prepare financial statements in respect of Wangige Hospital, which give a true and fair view of the state of affairs of the Wangige Hospital at the end of the financial year ended on June 30, 2023 and the operating results of the Wangige Hospital for that year/period. The Board of Management is also required to ensure that the Wangige Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Wangige Hospital. The council members are also responsible for safeguarding the assets of the Wangige Hospital.

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

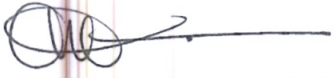
The Board of Management accepts responsibility for the Wangige Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kiambu County Health Act 2019. The Board members are of the opinion that the Wangige Hospital financial statements give a true and fair view of the state of Wangige Hospital 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 Wangige Hospital, which have been relied upon in the preparation of the Wangige Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Wangige 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 25.07.2024 and signed on its behalf by:

for



.....
Name: Dr. Charles Edward Kabetu
Chairperson
Board of Management



.....
Name: Dr. Bruce Semo
Accounting Officer

REPUBLIC OF KENYA

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Enhancing Accountability

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON WANGIGE 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 Wangige Level 4 Hospital - County Government of Kiambu set out on pages 1 to 38, which comprise of the statement

of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 the Wangige Level 4 Hospital - County Government of Kiambu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act No. 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial performance reflects Nil comparative amount in respect to rendering of services - medical services income while the audited financial statements for the year ended 30 June, 2022 reflects Kshs.15,459,078. Further, the statement of financial position reflects total assets balance of Kshs.15,655,843 and total net assets and liabilities balance of Kshs.16,938,632 resulting to unbalanced statement by Kshs.1,282,789.

In the circumstances, the accuracy and completeness of the above amounts and balances in the financial statements could not be confirmed.

2. Inaccuracies in Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,073,879 which was extracted from certificate of bank balance. However, review of the cashbook revealed a balance of Kshs.3,613,669 resulting to an unexplained variance of Kshs.2,460,210.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.6,073,879 could not be confirmed.

3. Variance Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.5,672,370 in respect to receivables from exchange transactions as disclosed in Note 15 to the financial statements. However, computation revealed a balance of Kshs.5,890,148 resulting to unexplained variance of Kshs.217,778. Further, the statement reflects comparative receivables from exchange transactions balance of Kshs.2,340,738 while the National Health Insurance Fund ledgers reflects a balance of Kshs.416,663 resulting to unreconciled variance of Kshs.1,924,075.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.5,672,370 could not be confirmed.

4. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balance in respect to property, plant and equipment. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements and Management did not maintain fixed asset register to control the assets. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of Nil balance in respect to property, plant and equipment could not be confirmed.

5. Non-Disclosure of Donated Drugs

The statement of financial performance reflects Nil amount in respect to grants from donors and development partners and transfer from other Government entities. However, data from KEMSA revealed that the Hospital received donations and program commodities drugs worth Kshs.9,411,637 and Universal Health Coverage commodities amounting to Kshs.558,249 which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of grants from donors and development partners and transfer from County Government could not be confirmed.

6. Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.16,822,316 in respect to trade and other payables balance as disclosed in Note 18 to the financial statements. However, the balance includes trade payables amounting to Kshs.6,980,969 which had been outstanding for more than three (3) years. This was contrary to Section 53 (8) of the Public Procurement and Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.16,822,316 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.100,850,000 and Kshs.20,174,426 respectively resulting to an under-funding of Kshs.80,675,574 or 80% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional 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. Late Remittance of Statutory Contributions

The statement of financial performance and as disclosed Note 10 to the financial statements reflects employee costs amount of Kshs.112,864,119 out of which Kshs.4,753,020 was in respect to casual wages. However, statutory deductions amounting to Kshs.3,440,563 were not remitted contrary to Section 20 (1B) The Employment Act of Kenya, 2007.

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

2. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

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 eighty-five (85) or 84% of the authorized staff requirements as detailed below:

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

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	4	12	75
Anesthesiologists	2	0	2	100
General Surgeons	2	1	1	50
Gynecologists	2	0	2	100
Pediatrics	2	1	1	50
Radiologists	2	0		100
Kenya Registered Community Health Nurses	75	10	65	87
Total	101	16	85	84

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	120	30	80
Resuscitaire (2 in Labor & 1 in Theatre)	2	3	0	
New Born Unit Incubators	5	5	0	
New Born Unit Cots	5	5	0	
Functional ICU Beds	6	6	0	
High Dependency Unit (HDU) Beds	6	6	0	
Renal Unit with at least 5 Dialysis Machines	5	5	0	
Two Functional Operational Theatres-Maternity & General	2	2	0	

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.

3. Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.20,174,426 in respect to rendering of services - medical service income as disclosed in Note 8 to the financial statements. However, the Hospital did not provide evidence to show that the quarterly revenue reports were prepared and submitted to the County Treasury with a copy to the Auditor-General.

This was contrary to Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

4. Irregular Engagement of Casual Workers

The statement of financial performance reflects an amount of Kshs.112,864,199 in respect to employee costs as disclosed in Note 10 of the financial statements. The amount includes Kshs.4,753,020 in respect to casuals and contractual staff who were engaged for more than three months. This was contrary to Section 37 of the Employment Act, 2007 which states that a casual employee should be converted to a term contract where a casual employee works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month.

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

5. Lack of an Approved Procurement Plan and List of Registered Suppliers

Review of the procurement documents revealed that there was no approved procurement plan and list of registered suppliers. This was contrary to Section 45(3a) of the Public Procurement and Asset Disposal Act, 2015 which states a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

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. Weakness in Receipting System

Review of the Hospital receipting system revealed that the generated electronic receipts are not integrated to the payment system, they are not serially numbered and are not reconciled with the M-pesa transactions. Further, the Hospital charges and tariffs are not mapped in the information system. In addition, the Hospital cards presented to the patient upon payments are printed from a local supplier and no accurate records of continuity control was presented for audit.

In the circumstances, the effectiveness of internal controls on receipting system could not be confirmed.

2. Weaknesses in Inventory Management

Review of records provided for audit indicated that the Hospital procured and received pharmaceuticals products and recorded them on the stock control cards in the drug store. However, review of the drug stock control cards revealed that the drugs batch number and expiry date were not captured in the bin cards. As a result, the First Expiry First Out (FEFO) stock control method was not applied which could lead to expiry of drugs.

In the circumstances, the effectiveness of internal controls on stock control management system could not be confirmed.

3. Expiry of Medical Supplies

The statement of financial position reflects a balance of Kshs.3,909,594 in respect to inventory as disclosed in Note 16 to the financial statements. Review of the store records on pharmaceuticals and non-pharmaceuticals revealed that undetermined quantities of various drugs of which had expired.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 as a going concern or 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

05 July, 2024

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

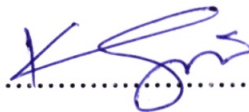
14 Statement of Financial Performance for The Year Ended 30 June 2023

Description	Note	FY 22/23	FY 21/22
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	9,075,099
In-kind contributions from the County Government	7	108,111,099	108,111,099
		108,111,099	117,186,198
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	20,174,426	-
Revenue from exchange transactions		20,174,426	-
Total revenue		128,285,525	117,186,198
Expenses			
Medical/Clinical costs	9	6,541,960	9,482,677
Employee costs	10	112,864,199	111,758,141
Repairs and maintenance	11	719,594	1,073,482
Grants and subsidies	12	4,034,885	-
General expenses	13	2,957,115	1,535,013
Total expenses		127,118,753	123,849,313
Other gains/(losses)			
Medical services contracts Gains/Losses	25	-	36,420
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		1,166,772	(6,663,115)

The Hospital's financial statements were approved by the Board on 25.07.2024 and signed on its behalf by:



Medical Superintendent



Head of Finance

ICPAK No:10023



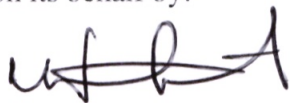
Chairman
Board of Management

Wangige 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	Note	FY 22/23	FY 21/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	6,073,879	5,897,335.90
Receivables from exchange transactions	15	5,672,370	2,340,738
Inventories	16	3,909,594	1,918,394
Total Current Assets		15,655,843	10,156,467
Non-current assets			
Property, plant, and equipment	17	-	-
Total Non-current Assets		-	-
Total assets		15,655,843	10,156,467
Liabilities			
Current liabilities			
Trade and other payables	18	16,822,316	3,493,352
Total Current Liabilities		16,822,316	3,493,352
Non-current liabilities			
Total Liabilities		16,822,316	3,493,352
Net assets			
Accumulated surplus/Deficit		1,166,772	(6,663,115)
Capital Fund		-	-
Total Net Assets and Liabilities		15,655,843	10,156,467


The Hospital's financial statements were approved by the Board on 25.07.2024 and signed on its behalf by:



.....
Medical Superintendent



.....
Head of Finance
ICPAK No:10023



.....
Chairman
Board of Management

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,298,952	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2023 (previous year)	-	3,298,952	-	-
At July 1, 2022 (current year)	-	3,298,952	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,166,772	-	-
Capital/Development grants	-	-	-	-
At June 30, 2023 (current year)	-	2,132,180	-	-

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

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

Description	Note	FY 22/23	FY 21/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	9,075,685
Rendering of services- Medical Service Income		12,540,896	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts		-	2,690,975
Total Receipts		12,540,896	11,766,660
Payments			
Medical/Clinical costs		3,434,590	1,855,415
Employee costs		4,540,986	2,448,695
Repairs and maintenance		589,644	554,488
Grants and subsidies		1,547,043	-
General expenses		2,252,090	1,010,763
Total Payments		12,364,353	5,869,325
Net cash flows from operating activities	42	176,543	5,897,335
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		-	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		176,543	-
Net increase/(decrease) in cash and cash equivalents		176,543	-
Cash and cash equivalents as at 1 July 2022	27	5,897,335.90	5,897,335.90
Cash and cash equivalents as at 30 June 2023	27	6,073,879.70	5,897,335.90

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	100,850,000	-	100,850,000	20,174,426	80,675,574	20 %
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total income	100,850,000	-	100,850,000	20,174,426	80,675,574	20 %
Expenses						
Medical/Clinical costs	40,880,000	-	40,880,000	6,541,960	33,335,200	18 %
Employee costs	7,424,800	-	7,424,800	4,753,020	2,671,780	64 %
Remuneration of directors	-	-	-	-	-	-
Repairs and maintenance	5,000,000	-	5,000,000	719,594	4,280,406	14 %
Grants and subsidies	-	-	-	4,034,885	-	-
General expenses	22,275,200	-	22,275,200	2,957,115	19,328,235	13 %
Finance costs	5,100,000	-	5,100,000	-	5,100,000	-
Refunds	-	-	-	-	-	-
Surplus for the period	20,170,000	-	20,170,000	1,166,722	19,994,838	0.87 %
Capital expenditure	80,680,000	-	80,680,000	20,174,426	60,680,736	25 %

Note; The statement of comparison of budget actuals is under 90% meaning due to over estimation of the budget which the management on the process of correcting to a more realistic budget.

19 Notes to the Financial Statements

1. General Information

Wangige level 4 Hospital is established by and derives its authority and accountability from health Act. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kiambu County. The Hospital's principal activity is to provide health services, create an enabling environment regulate and set standards and policy for health service delivery.

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 *entity'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 42. 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 Government Health Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board on August 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of nil on the FY 2022/2023 budget following the Board's approval. 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 34 under section 18 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. NO additional disclosure of these estimates of provisions

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.

Wangige level 4 Hospital (Kiambu County Government)
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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 22/23	FY 21/22
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Kiambu County Government	-	-	-	-	9,075,685
Total	-	-	-	-	9,075,685

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 22/23	FY 21/22
	KShs	KShs
Salaries and wages	108,111,099	108,111,099
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	108,111,099	108,111,099

Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Pharmaceuticals	3,191,976	-
Non-Pharmaceuticals	15,684	-
Laboratory	1,647,650	-
Radiology	382,600	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	29,550	-
Nutrition service	12,950	-
Cancer centre service	-	-
Dental services	48,100	-
Reproductive health	10,220,000	-
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income	4,625,916	-
Total revenue from the rendering of services	20,174,426	-

Notes to the Financial Statements (Continued)

Wangige level 4 Hospital (Kiambu County Government)
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9. Medical/ Clinical Costs

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	499,147	1,419,817
Public health activities	-	-
Food and Ration	736,601	753,030
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	3,074,075	3,124,170
Pharmaceutical supplies	1,792,875	476,165
Health information stationery	-	-
Reproductive health materials	-	2,950,121
Sanitary and cleansing Materials	50,000	437,810
Purchase of Medical gases	295,562	167,714
X-Ray/Radiology supplies	93,700	23,850
Other medical related clinical costs	-	-
Total medical/ clinical costs	6,541,960	9,482,677

10. Employee Costs

Description	FY 22/23	Period ended 30.06.2022
	Kshs	Kshs
Salaries, wages, and allowances	108,111,099	108,111,099
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Casual Wages	4,753,020	3,647,042
Employee costs	112,864,119	111,758,141

Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Property- Buildings	217,500	11,964
Medical equipment	295,800	388,940
Furniture and fittings	63,750	30,000
Computers and accessories	-	130,000
Motor vehicle expenses	66,344	412,578
Maintenance of civil works	76,200	-
Total repairs and maintenance	719,594	1,073,482

12. Grants and Subsidies

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Other grants and subsidies 20% of revenue from rendering services	4,034,885	-
Total grants and subsidies	4,034,885	-

13. General Expenses

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Catering expenses	60,000	-
Security	700,000	-
Bank charges	10,000	-
Electricity expenses	418,000	100,000
Fuel and Lubricants	120,700	20,000
Travel and accommodation allowance	40,000	84,070
Printing and stationery	629,015	491,127
Water and sewerage costs	360,000	150,000
Telephone and mobile phone services	170,000	213,816
Internet expenses	449,400	20,000
Total General Expenses	2,957,115	1,535,013

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Notes to the Financial Statements (Continued)

14. Cash And Cash Equivalents

Description	FY 22/23	FY 21/22
	KShs	KShs
Current accounts	6,073,879.970	5,897,335.90
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	6,073,879.970	5,897,335.90

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

Description	Account number	FY 22/23	FY 21/22
		KShs	KShs
a) Current account			
Kenya Commercial bank	1157562256	6,073,879.970	5,897,335.90
Family Bank, etc		-	-
Sub- total		6,073,879.970	5,897,335.90
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(<i>specify</i>)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		6,073,879.970	5,897,335.90

Notes to the Financial Statements (Continued)

15. Receivables from Exchange Transactions

Description	FY 22/23	FY 21/22
	KShs	KShs
Medical services receivables (NHIF)	5,672,370	2,340,738
Total receivables	5,672,370	2,340,738

16. Inventories

Description	FY 22/23	FY 21/22
	KShs	KShs
Pharmaceutical supplies	451,372	767,357
Laboratory supplies	963,202	153,473
Non Pharmaceuticals supplies	1,492,375	-
Cleaning materials supplies	526,463	306,943
General supplies	476,182	690,621
Total	3,909,594	1,918,394

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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 Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	-	-	-	-	-
At 1 July 2022 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-

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

Notes to the Financial Statements (Continued)

18. Trade and other Payables

Description	FY 22/23		FY 21/22	
	KShs		KShs	
Trade payables	16,822,316		8,776,278	
Total trade and other payables	16,822,316		8,776,278	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements (Continued)

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:

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
Gearing	%	%

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

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

Description	FY 22/23	FY 21/22
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to	-	-
Sales of services to	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for nil employees	-	-
Payments for goods and services for non	-	-
Total	-	-
d) Key management compensation		

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Description	FY 22/23	FY 21/22
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

21. Segment Information

22. Contingent Liabilities

Contingent liabilities	FY 22/23	FY 21/22
	Kshs	Kshs
Court case nil against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

23. Capital Commitments

Capital Commitments	FY 22/23	FY 21/22
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

24. Events after the Reporting Period

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

25. Ultimate and Holding Entity

The Wangige Level 4 Hospital is under the Department of Health services. Its ultimate parent is the County Government of Kiambu.

26. Currency

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

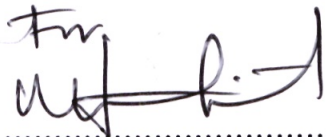
Appendix 1: Progress on Follow up of Auditor Recommendations

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:	Timeframe:

Notes:

This is the second year and we are yet to received audit opinion of the first year audit from the external auditor



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Bruce O Semo
Accounting Officer

Wangige level 4 Hospital (Kiambu County Government)
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Appendix II: Projects Implemented by Wangige Hospital

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter


County Government of Kiambu
Department of health services
Wangige Level 4 Hospital

The Kiambu Fif Funds 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 Wangige Hospital as at 30 th June 2023								
Reference Number	Date Disbursed	Amounts Disbursed by [Fif Funds] (KShs) as at 30th June 2023				Total (D)=(A+B+C)	Amount Received by Wangige Hospital (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
	1 st Aug. 2022	3,783,544	-	-	3,783,544	3,783,544	-	
	19 th Oct 2022	1,612,483	-	-	1,612,483	1,612,483	-	
	14 th Nov 2022	1,085,000	-	-	1,085,000	1,085,000	-	
	5 th Jan 2023	1,846,557	-	-	1,846,557	1,846,557	-	
	20 th Mar 2023	4,213,312	-	-	4,213,312	4,213,312	-	
	5 th July 2023	5,306,042	-	-	5,306,042	5,306,042	-	
Total		<u>17,846,938</u>	=	=	<u>17,846,938</u>	<u>17,846,938</u>	-	

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

Head of Accounts Department of the Wangige Hospital:

Name James N. Karim Sign  Date 25.07.2024

*Wangige level 4 Hospital (Kiambu County Government)
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