

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RUIRU LEVEL 4 HOSPITAL - KIAMBU COUNTY  
GOVERNMENT**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

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*Revised 30<sup>th</sup> June 2024*



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**RUIRU Level 4 HOSPITAL  
(Kiambu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

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

***Ruiru level 4 Hospital (Kiambu County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
ECL	Expected credit loss
IPSAS	International Public Sector Accounting Standard
PNC	Postnatal Clinic
MCHFP	Maternal Child Health and Family Planning
CWC	Child Welfare Clinic
HIS	Hospital information systems
HPV	Human Papilloma Virus
CME	Continuing Medical Education
MOH	Ministry of Health
ANC	Antenatal Clinics
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

**2. Key Entity Information and Management**

**(a) Background information**

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

**(b) Principal Activities**

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

**(i) Vision**

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

**(ii) Mission**

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

**(c) Key Management**

The hospital management is under the following key organs:

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Patience Wanjiru
2.	Health administrative officer	Ruth Mwaura
3.	Head of finance	Charles Mburu

No.	Designation	Name
4.	Head of supply chain	Joseph Njuguna
5.	Nursing service manager	Eunice Muthoni

**(e) Fiduciary Oversight Arrangements**

**Clinical Research and Standards Committee.**

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

**Audit committee**

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

**Risk Committee**

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

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

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- **County Assembly**

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

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

P.O. Box 684-00232  
Ruiru Town  
Along Biashara road  
Kiambu County, KENYA

**(g) Entity Contacts**

Telephone: (+254) 724616353  
E-mail: ruirugoklevel4hospital@gmail.com

**(h) Entity Bankers**

Kenya commercial bank  
Family bank

**(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

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City Square 00200  
Nairobi, Kenya



**(k) County Attorney**

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




**3. The Board of Management**

Ref	Directors	Details
1.	<p>Dr Richard Thuo Kamau, HSC</p> 	<p>Born in 1958, Dr Kamau is a Pharmaceutical Specialist and a Health Service Governance Advisor. He possesses over 25 years' experience in medicine management, teaching and training. He consults in various Committees on reforms in the pharmaceutical sector in Kenya and has served as Lead Consultant in World Bank Funded Projects as well as Board Director of Kenya Medical Supplies Agency. He holds a Master's degree in Public Health, Diploma in Business Management, and a Bachelor's degree in Pharmacy.</p>
2.	<p>Rev. Simon Murigi Njaaga</p> 	<p>Rev Simon holds bachelors in Education and a diploma in Theology. He is the moderator of Presbyterian Church of East Africa, Ruiru Presbytery. Rev Simon also serves as the Chair National Council of Churches of Kenya, Kiambu County.</p>

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<p>3.</p>	<p>Mr. Ambalal Patel</p> 	<p>Mr. Patel studied Textile Technology from M.S University, Vadodara and Law from S.P. University, Gujarat.</p> <p>Currently Mr. Patel is the head of production at Spinners and Spinners Ltd.</p> <p>Mr. Patel has been the Chair of S.H SD Temple Ruiru since 2010 and the National Trustee at the Hindu Council of Kenya</p>
<p>4.</p>	<p>Dr. Patience wanjiru</p> 	<p>She holds masters in clinical pharmacy (internal medicine and oncology) from University of Nairobi</p> <p>She completed her Bachelor of pharmacy from university of Nairobi and has a senior management course from Kenya school of Government.</p> <p>She is the current medical superintendent at Ruiru and the secretary to the Hospital board Ruiru level 4 hospital</p>

**4. Key Management Team**




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

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4.	<p>Mercy Wanja Marangu</p> 	<p>Nutrition Department</p> <p>She holds Bachelor of science foods, nutrition and dietetics from Kenyatta university</p> <p>She is in charge of nutrition department in Ruiru level 4 hospital</p>
5.	<p>Jane Njeri Kamau</p> 	<p>Laboratory Department</p> <p>She holds a Diploma in Medical Laboratory sciences from Mt Kenya university</p> <p>She is the in-charge laboratory department Ruiru Hospital</p>
6.	<p>Charles Mburu</p> 	<p>Finance &amp; Accounts Department</p> <p>Holds a Bachelor in Commerce majoring in accounting from Kenyatta university, has CPAK. has computerized accountancy certificate</p> <p>He is in charge of finance and accounts in Ruiru level 4 hospital</p>
7.	<p>Ellyjoy Kanini Mbaka</p> 	<p>Orthopedic &amp; Trauma Department</p> <p>She holds a diploma in orthopedic trauma technologist from Kenya medical training college</p> <p>She is in charge of orthopaedic and trauma department in Ruiru level 4 hospital</p>

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8.	<p>Dr Saudiyya Mohamed</p> 	<p>Obstetrics &amp; Gynecology Department</p> <p>She holds masters of medicine in Obstetrics and gynecology from muhimbili university of health and allied sciences.</p> <p>She is Doctor of medicine in Saint Petersburgstate medical academy</p> <p>She is in charge of Obstetrics and gynaecology department in Ruiru level 4 hospital</p>
9.	<p>Dr Dennis Omondi</p> 	<p>Medical Department</p> <p>He holds a Bachelor of Medicine and Bachelor of surgery from University of Nairobi</p> <p>He is incharge of Medical departments in Ruiru level 4 hospital</p>
10.	<p>Esther Nyawira Njoroge</p> 	<p>ICT Department</p> <p>She holds Diploma in information technology and also holds Diploma in project management</p> <p>She is in charge department of ICT at Ruiru level 4 hospital</p>

**5. Chairman’s Statement**

It is with pleasure we present the Hospital’s 2023/2024 Annual Report and Financial Statements. The board has emphasized on the need for concerted efforts by all stakeholders to ensure the report depicts a true and fair presentation of the financial affairs of the hospital.

Ruiru Level IV hospital was established in 1954 as a level II Health facility. Over the period the hospital has progressively expanded and is now one of the high-volume level IV hospitals in Kiambu County. This expansion has seen growth in infrastructure, scope of services rendered and health care providers. The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Hospital Board. The Board provides strategic direction while the Medical Superintendent assisted by the Hospital Management is accountable to the Board for implementing the strategy. The hospital board will develop a strategic plan which will steward the hospital in the next five years towards being a provider of efficient and high-quality medical services that are accessible, equitable and affordable.

In this financial year, there has been improved hospital board involvement in running the affairs of the hospital and more is expected in the next financial year. The board has been involved in operationalization of the male ward, female ward, approval of financial budgets, monitoring revenue and monitoring of progress for the perimeter wall. The board looks forward to full accreditation of the hospital as an internship centre through opening of a general surgery unit and the NBU which is underway. There has been a great improvement in hospital revenue generated which will also reflect in improved funding of hospital projects to improve access to robust health care within Ruiru level 4 hospital.

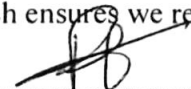
One of the main challenges currently is the health information system. The hospital through support from the county government is in the process of rolling out a Health Management Information System in key points of service which will see a reduction of patient waiting time, minimal use of papers and space through use electronic filing. The board is also in the process of forming three subcommittees that shall oversee the running of hospital activities

**Appreciation**

First and foremost, I would like to thank our clients for demonstrating their trust in us with their health care needs and being our motivation to service delivery excellence. At the same time, I would like to thank my fellow board members, the medical superintendent, the hospital management team and the staff for the unwavering support and for applying their highest professional standards in carrying out the business of the board and in decision making.

I would also like to thank the County Government of Kiambu not only for its continued support of Hospital’s development agenda but also for creating an enabling environment for the hospital to meet its objectives.

I recognize our partners and stakeholders who continue to strengthen our partnership through financial support which ensures we remain in course to deliver to our clients.

  
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**Name Dr. Richard Thuo**

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

I am delighted to present the hospital's annual report and financial statements for the year 2023/2024.

The report highlights the hospitals operational and financial performance.

### **(i) Operational Performance**

With a catchment population of more than 400,000 people, Ruiru Level IV Hospital has been one of the high-volume level IV hospitals in the county. During the period the hospital provided services to 125,560 clients in the outpatient department.

The hospital has made a niche in provision of reproductive health services. A total of 29,322 of our clients sought MCHFP services with 50% being in the antenatal department.

The hospital has 14 special clinics and served 24,773 clients during the period.

The hospital theatre currently mainly handles reproductive health cases. During the period, the number of deliveries were 3354 and caesarean section cases were 737.

In this financial year, the female ward has been reopened and the male ward is now on operation. There are plans to have a second theatre and an NBU to increase the scope of services to our population as well as for KMPDC approval as an internship centre.

### **(ii) Financial Review**

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, from either FIF or NHIF. During the year under review, the hospital generated ksh 41,565,756 through hospital pay system. The facility received 26,667,567 from NHIF as reimbursement for the work done with a balance of ksh 10.6 million which the hospital expects to be reimbursed. The target set by the facility in the beginning of the financial year was ksh 70,000,000 and this means that despite not receiving full NHIF reimbursement, the hospital financial performance was great.

The hospital funds utilization rate was 98%.

The pending bills are at ksh 78,821,477. The receivables expected is ksh 65,789,174 including the ksh 10.6million.

Plan are underway through support from the county government to have a health information system for Ruiru level 4 hospital to improve monitoring of revenue and improve the quality of care to our clients.

### **(iii) Acknowledgement**

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

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

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



.....  
Name *Dr. Portance W. Karimi*

Secretary to the Board

## **7. Statement of Performance Against Predetermined Objectives**

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Ruiru level 4 hospital, which give a true and fair view of the state of affairs at the end of the financial year and the operating results for 2023/2024. The Board of Management is also required to ensure that it keeps proper accounting records which disclose with reasonable accuracy the financial position. The council members are also responsible for safeguarding the assets. The Board of Management is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs for and as at the end of the financial year (period) ended on June 30, 2024.

This responsibility includes:

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

The Board of Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2024, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the

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attention of the Board of management to indicate that Ruiru level 4 hospital will not remain a going concern for at least the next twelve months from the date of this statement. Approval of the financial statements The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

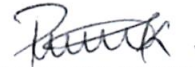
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Name: Dr Richard Thuo

**Chairperson Board of Management**

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Name: Dr Patience W Karimi

**Accounting Officer**

## **8. Corporate Governance Statement**

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

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

### **Appointment and Removal of Board**

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

Board members may remove from office any member who;

- a. has been absent for 3 consecutive meetings without the chairman permission
- b. is adjudged bankrupt
- c. is unable to discharge his/her duties due to physical or mental incapacity
- d. violates or is suspected of violating the provision of chapter 6 of the constitution
- e. is charged with a criminal offence in the court of law
- f. conflict of interest

### **Roles and Functions of Board**

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

- a. Responsible for providing oversight over the administration and management of the Hospital.
- b. Promoting the development of the Hospital.
- c. Approving plans and programs for implementing county health strategies in the Hospital.

Approving annual estimates of the Hospital before submission to the Executive member and carrying out any other function and any other functions assigned by the Executive member in furtherance to the realization of the purpose of this act

## 9. Management Discussion and Analysis

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

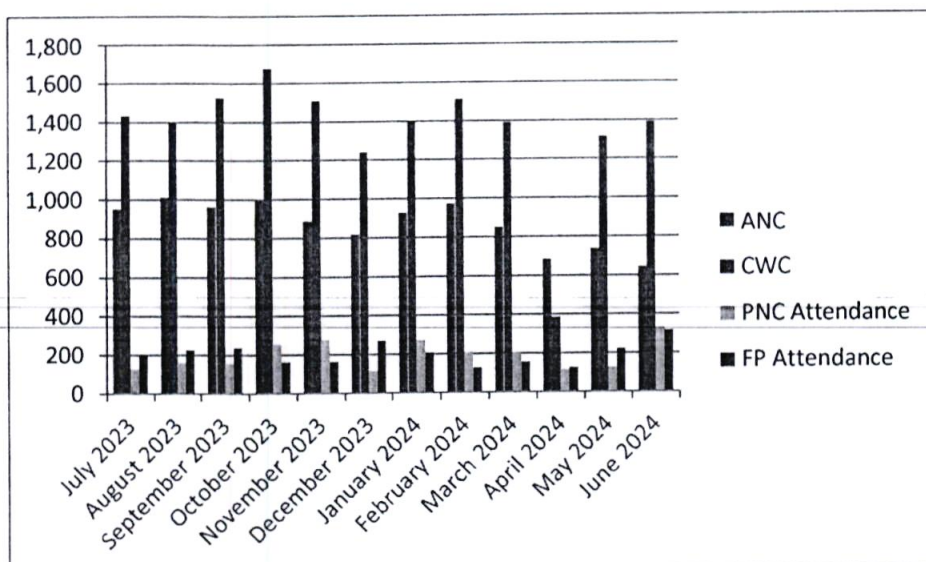
### Workload

The number of clients who visited the hospital to seek medical services was 80,897 with a monthly average of about 6700 clients. The charts below show the monthly client attendance and client attendance by service

### Clinical operation performance

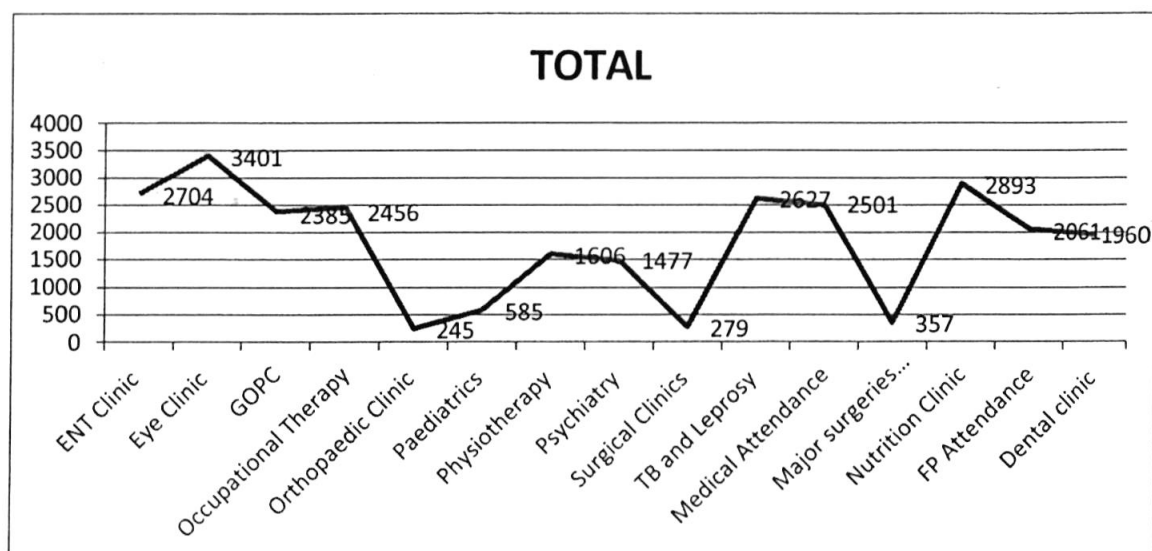
MONTH	ANC	CWC	PNC Attendance	FP Attendance
July 2023	954	1,433	128	205
August 2023	1,012	1,399	160	226
September 2023	964	1,526	159	238
October 2023	992	1,677	257	164
November 2023	887	1,508	277	164
December 2023	818	1,240	114	271
January 2024	929	1,399	274	207
February 2024	973	1,514	208	128
March 2024	851	1,388	203	156
April 2024	686	387	116	126
May 2024	739	1,315	126	223
June 2024	645	1389	331	317
<b>TOTAL</b>	<b>10,450</b>	<b>14,786</b>	<b>2,353</b>	<b>2,061</b>

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Month	TOTAL
ENT Clinic	2704
Eye Clinic	3401
GOPC	2385
Occupational Therapy	2456
Orthopedic Clinic	245
Pediatrics	585
Physiotherapy	1606
Psychiatry	1477
Surgical Clinics	279
TB and Leprosy	2627
Medical Attendance	2501
Major surgeries Operated	357
Nutrition Clinic	2893
FP Attendance	2061
Dental clinic	1960
<b>TOTAL</b>	<b>27537</b>

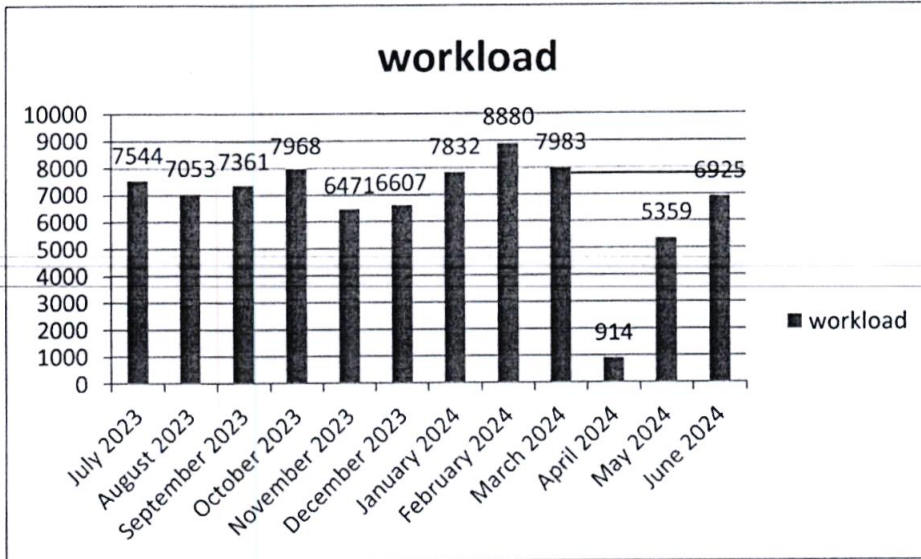
**Ruiru level 4 Hospital (Kiambu County Government)**  
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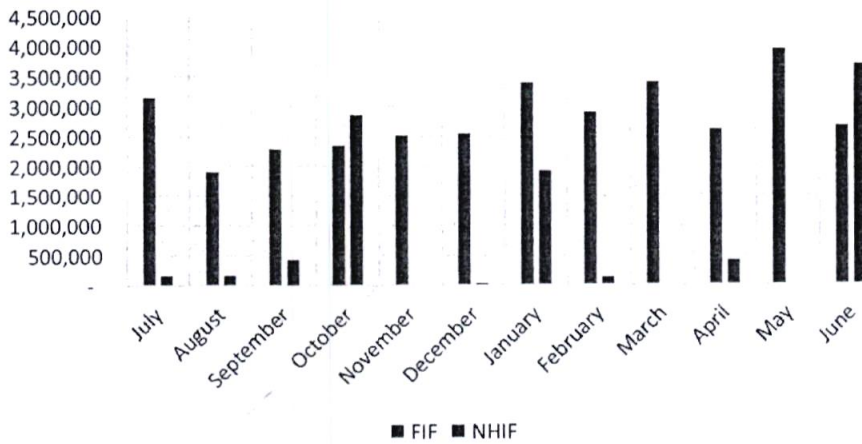
**OUTPATIENT  
WORKLOAD**

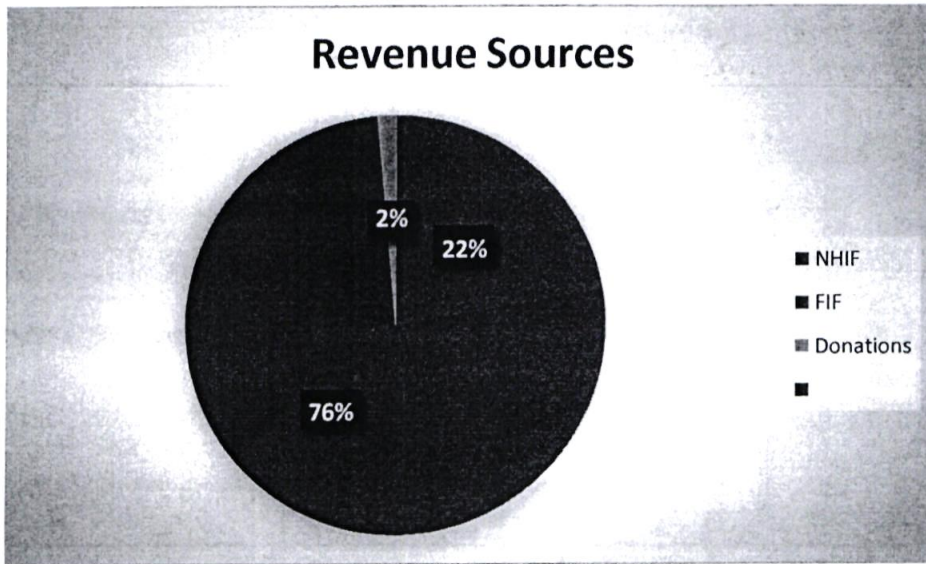
Period name	workload
July 2023	7544
August 2023	7053
September 2023	7361
October 2023	7968
November 2023	6471
December 2023	6607
January 2024	7832
February 2024	8880
March 2024	7983
April 2024	914
May 2024	5359
June 2024	6925
TOTAL	80897

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### Revenue Trend





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

## **10. Environmental And Sustainability Reporting**

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

### **(a) Sustainability Strategy and Profile**

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

### **(b) Environmental Performance**

In our offices and clinical areas, we continue to encourage employees to help reduce energy consumption by switching of their computers and lights at the end of the day. Ruiru being in a semi-arid area the hospital has planted trees to conserve soil, provide shade for parked vehicles and firewood for use in the kitchen. The trees have also created habitat for birds and other small animals. In line with adopting energy efficient technologies the hospital intends to invest in a hospital information management system (HIS) which apart from improving service delivery will positively impact on the environment through minimal use of papers and space. Our target is to launch the HIS by the end of 2024. In packaging of medicine, we are using environmentally friendly bags. In medical waste, we are also using bags which are clearly marked for clinical waste, bottles and left-over foods. Staffs are also provided with personal protective equipment.

### **(c) Employee Welfare**

Employees are encouraged and supported to continually build on their skills and knowledge. The hospital allocates funds every year to support staff in learning and development program. These include courses on leadership, management and technical competencies relevant to each employee.

Additionally, the hospital organizes CMEs every week to allow our health care workers learn and discover viable ways to improve on the patient care they deliver and effectively manage a career in the ever-changing landscape of the medical industry.

**(d) Responsible Supply Chain and Supplier Relations**

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

**(e) Corporate Social Responsibility / Community Engagements**

Ruiru Sub County Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives. The initiatives are aimed at improving lives and enhancing engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalized and vulnerable communities, by empowering them and catalyzing change through creating awareness on diseases and available interventions. Through the initiatives mentioned above, Ruiru Sub County Hospital has achieved the following results in financial year ended 30th June 2024.

- (a) Provided free cervical and breast cancer screening programs in Kahawa West and Githurai localities in September 2023.
- (b) Conducted free dental check up at the newly refurbished dental clinic on 20th March 2024.
- (c) Administered for free Human Papilloma Virus (HPV) vaccine to students at St. George's and Ruiru Primary Schools in the months of November and December 2023 respectively

## **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, 2024, which show the state of the hospital's affairs.

### **Principal activities**

The principal activities of the hospital are:

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

### **Results**

The results of the Hospital for the year ended 30th June, 2024 are set out on page 1 to 5.

### **Board of Management**

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

### **Auditors**

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



.....  
Name *Dr. Patricia W. Kamari*

**Secretary to the Board**

## **12. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Ruiru level 4 hospital, which give a true and fair view of the state of affairs of the Ruiru level 4 hospital at the end of the financial year and the operating results of the period. The Board of Management is also required to ensure that the proper accounting records which disclose with reasonable accuracy the financial position. The council members are also responsible for safeguarding the assets.

The Board of Management is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the Ruiru level 4 hospital for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2024, and of the financial position as at that date. The Board members further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

**Ruiru level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

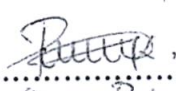
Nothing has come to the attention of the Board of management to indicate that the Ruiru level 4 hospital will not remain a going concern for at least the next twelve months from the date of this statement.

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**Approval of the financial statements**

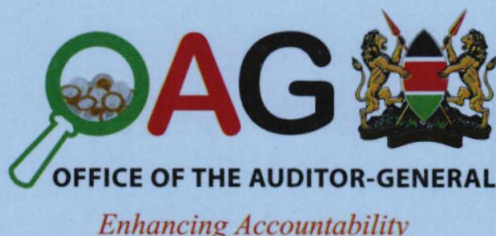
The Hospital's financial statements were approved by the Board on 21/12/2024 and signed on its behalf by:

  
.....  
Name: Dr. R. T. Karuru  
Chairperson  
Board of Management

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

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON RUIRU LEVEL 4 HOSPITAL - KIAMBU COUNTY GOVERNMENT FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ruiru Level 4 Hospital - County Government of Kiambu set out on pages 1 to 60, which comprise the statement of

financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ruiru Level 4 Hospital – County Government of Kiambu at 30 June, 2024 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 County Governments Act, 2012, the Health Act, 2017 and the Public Financial Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of comparison of budget and actual amounts reflects total actual income of Kshs.56,018,756 against a recalculated amount of Kshs.45,373,756 resulting to an unexplained variance of Kshs.10,645,000. Further, the statement reflects total actual income and actual expenditure of Kshs.45,373,756 and Kshs.40,266,292 respectively whereas the statement of financial performance shows total revenue and expenditure of Kshs.68,232,912 and Kshs.68,604,611 respectively resulting to unexplained variances of Kshs.22,859,156 and Kshs.28,338,319 for revenue and expenditure.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

#### **2. Anomaly in Cash and Cash Equivalent**

The statement of financial position reflects cash and cash equivalents balance of Kshs.17,783,623 as disclosed in Note 27 to the financial statements. However, the following anomalies were however noted;

- i. The facility operated three bank accounts, two domiciled in KCB and one in Family Bank. However, only one cash book for the KCB Account was provided for audit review. Further, the certificate of bank balance for the Family Bank Account was not provided.
- ii. Review of the bank statement for KCB Account revealed that the facility received amounts totaling Kshs.48,655,910 from Kiambu County as analysed below. This was however not disclosed in the financial statements. It was therefore not

possible to ascertain if the amounts related to transfers from the County Government or from the Facilities Improvement Fund.

<b>Date</b>	<b>Description</b>	<b>Amount (Kshs)</b>
07/04/2023	Inward Swift Pa Kiambu County KIAMBU 2344-00900	8,732,663
25/09/2023	Inward Swift Pa Kiambu County23/TRANSFER FROM K	14,937,934
01/12/2024	Inward Swift Pa Kiambu County23/TRASFER TO RUI	10,950,660
19/04/2024	Inward Swift Pa Kiambu County23/TRASFER TO RUI	14,034,654
	<b>Total</b>	<b>48,655,910</b>

- iii. The bank reconciliation statements as at 30 June, 2024 reflects Ruiru Level 4 Hospital KCB had payments in cashbook not yet recorded in the bank statement out of which a total of Kshs.172,596 were stale cheques and had been outstanding for more than six (6) months.

In the circumstances, the cash and cash equivalents balance of Kshs.17,783,623 of for the year ended 30 June, 2024 was not fairly stated.

### **3. Variance in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.65,789,174 as disclosed in Note 28 to the financial statements. However, only a balance of Kshs.10,618,330 was supported, the balance of Kshs.55,170,844 was not supported with schedules and the ageing analysis was not provided for audit review.

In the circumstances, the accuracy and completeness of the receivables totalling Kshs.65,789,174 could not be confirmed.

### **4. Anomalies on Trade and Other Payables**

The statement of financial position and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.78,821,477. However, the ageing analysis provided for audit review reflects trade payables balance of Kshs.63,368,132 representing 80% of the total payables which have been outstanding for over three (3) years with no movement whatsoever, an indication of inability of the Hospital to settle its obligations as and when they fall due. Although Management explained that the payment vouchers together with supporting documentation were forwarded to the County

Government of Kiambu for vetting and settlement, a settlement plan to be followed in settling these payables was not provided. Further, trade payables amounting to Kshs.15,453,345 which have been outstanding for more than three months were not taken as first charge against the current financial year budgetary allocation before making new commitments.

In the circumstance, the Hospital risks exposure to penalties and litigation charges for failure to settle obligations as and when they fall due.

#### **5. Failure to Maintain Comprehensive Fixed Asset Register and Lack of Asset Ownership Documents**

The statement of financial position and Note 31 to the financial statement reflects property, plant and equipment balance of Kshs.12,490,337. However, although a fixed asset register was maintained the following anomalies were observed;

- i. The summary of fixed asset register provided in support of the balances was incomplete as no values were indicated to confirm the assets balances.
- ii. Particulars of the assets, date purchased and location column in the assets register for the assets were incomplete making the identification process difficult.
- iii. Assets for the Hospital were not tagged for ease of identification and tracking. This was contrary to Section 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that movement and conditions of assets can be tracked.
- iv. Valuation of the assets was also not done to confirm their actual present value.
- v. Depreciation charge for the assets could also not be confirmed as the depreciation schedule for the assets were not provided for audit review.
- vi. Audit inspection carried out on 27 November, 2024 at the Hospital premises revealed that the Hospital was built on a 6 acres piece of land. However, the title deed for the piece of land was not provided for audit review as a proof of ownership of the land.

In the circumstances, the ownership of the assets could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of Comparison of budgeted and actual amounts reflects final receipts budget and actual on comparable basis totaling Kshs.51,519,558 and Kshs.45,373,756 respectively resulting to an under funding of Kshs.6,145,802 or 12% of the budget. Similarly, the statement reflects actual expenditure of Kshs.40,266,292 against actual receipts of Kshs.45,373,756 resulting to an under expenditure of Kshs.5,107,464 or 13% of the actual receipts.

The underfunding and underutilization affected the planned activities and may have impacted negatively on service delivery to the citizens of the country.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the other information set out on page iii to xxvii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Ruiru Level 4 Hospital financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

## Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect(s) of the matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Errors and Omissions in Presentation and Disclosure of Financial Statements

Review of the financial statements submitted for audit revealed errors in presentation and disclosure with the recommended reporting template as outlined below;

- i. The statement of financial performance reflects miscellaneous income of nil opening balance while the notes to the financial statements reflects an opening balance of Kshs.1,628,360. Further, depreciation for the year has also not been calculated and the significant accounting policies did not show the rate and policy relating to depreciation.
- ii. Notes 31 to the financial statements reflects property, plant and equipment balance amounting to Kshs.12,490,337. However, the Note did not include the property, plant and equipment cost and depreciation amounts for two financial years in line with IAS No.16.
- iii. The statement of financial position indicates a balance of Kshs.19,868,732 that had erroneously been added to total liabilities to obtain net assets and liabilities.
- iv. The statement of changes in net assets reflects accumulated surplus of Kshs.11,227,342. This balance is however omitted in the statement of financial position.
- v. The statement of financial performance reflects an amount of Kshs.68,232,912 relating to revenue from exchange transactions - rendering of services (medical service income) however, Note 11 to the financial statements relating to the same component does not show details of the revenue received. Hence full disclosure not done.
- vi. The name of the head of finance, Chairman of the Board of Management and Medical superintendent are missing in the statements.

In the circumstances, Management was in breach of Public Sector Accounting Standards Board (PSASB) Financial Reporting Guidelines and templates that governs the preparation of annual reports and financial statements for the year ending 30 June, 2024

## 2. Universal Health Services

### 2.1 Facility Check List Variances

The Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 4 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43(1) of the Constitution of Kenya, 2010. Review of Ruiru Level 4 Hospital noted that there were variances between the level 4 Hospital requirements as per checklist provided and what the hospital had highlighted as shown in **Appendix I**.

### 2.2 Expired Medical Supplies

The statement of financial position as at 30 June, 2024 indicates an inventory balance of Kshs.2,627,075 as disclosed in Note 30 to the financial statements. Review of sampled store records on pharmaceuticals at the Hospital revealed that five hundred and eighty-five (585) units of various drugs had expired as analysed below;

<b>Expired Items 2023/24</b>		
<b>Drug</b>	<b>Quantity</b>	<b>Cost (Kshs)</b>
Potassium chloride	30	13,260
Atracurium	50	7,150
Propofol	30	6,294
Chlorpromazine injection	150	1,200
Amikacin	100	7,130
Povidone iodine	7	27,755
Silver sulphadiazine	20	2,940
Artemether lumefantrine	100	-
Adrenaline	30	3,330
Halothane	10	52,500
Goserelin	7	59,570
Anastrozole	10	33,600
Capecitabine	15	28,470
Benzhexol tabs 100s	4	376
Chlorpromazine tabs 100s	8	1,824
Acyclovir tabs 30s	10	1,270
Gluteraldehyde Solution	4	4,768
<b>Total</b>	<b>585</b>	<b>251,437</b>

### 2.3. Unconfirmed Stock Balance

The statements of financial position reflect an inventory balance of Kshs.2,627,075 as disclosed in Note 30 to the financial statements. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30 June, 2024. It was therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.

### 2.4. Stock Out of Essential Medical Supplies

The statement of financial position indicates an inventory balance of Kshs.2,627,075 as disclosed in Note 30 to the financial statements. However, inventory records of essential drugs sampled indicated the following commodities were out of stock as tabulated;

<b>Stock Outs</b>
Co trimoxazole tabs
Hydrocortisone injection
Gentamycin injection
Cotrimoxazole suspension
Cetirizine tabs
Salbutamol Nebulizing solution
Bupivacaine
Ringers Lactate
Methylated Spirit
Paracetamol injection
Tranexamic acid
Atropine
Glimepiride
Metformin

In addition, there were no policy guidelines on the required reorder levels hence not possible to confirm whether commodities were within the required stock levels.

In the circumstances, the valuation, accuracy, and completeness of the inventory balance of Kshs.2,627,075 could not be confirmed.

### 3. Inequitable Award in the Prequalified List

The statement of financial performance reflects an amount of Kshs.35,223,752 relating to medical or clinical costs. Examination of payment vouchers on pharmaceutical and non-pharmaceutical drugs provided for audit revealed that out of twenty-two (22) firms in the category of supply and delivery of laboratory medical equipment. The entity during the year actively awarded In-Vitro Diagnostic (E.A) Limited to supply and deliver laboratory medical equipment at Kshs.5,912,130 without ensuring effective competition as stipulated in the law. Further, it was noted the frame work agreement tender number

CGK/CHS/FWA/010/2021/2023 was not assessed to determine if the agreement remained competitive.

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

#### **4. Irregular Engagement of Casual Employees**

The statement of financial performance and Note 16 to the financial statement reflects employee costs of Kshs.10,192,040 which relates to wages to casual employees. However, examination of documents provided for audit review revealed that the Hospital had been engaging casual labourers for more than three months on renewable terms contrary to Section 37 of the Employment Act, 2007 (Revised 2012) which requires conversion of the casual employment to term contract.

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

#### **5. Failure to Remit Housing Levy for Casual Employees**

An examination of employee costs records revealed that the Hospital deducted an amount of Kshs.261,210 from casual workers as housing levy which is inclusive of employer's deduction in line with Kenya Revenue Authority Circular No KRA/DTD/PSD/P051098570M dated 11<sup>th</sup> August, 2023 which directs that all employers are required to adhere to the guideline for payment of affordable housing levy deductions and contributions 1(i) Employee's deduction-deduct 1.5% of employee's gross monthly salary from all employees irrespective of the cadre and gross monthly salary (ii) Employers contribution-contributes 1.5% of the employee's monthly salary.

However, Management failed to remit the statutory deductions as required by law. Failure to adhere to the affordable housing levy attracts penalties of unpaid funds for each month the contribution remains unpaid. No explanation was provided for the lack of making remittances yet the deductions were affected.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON 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 effect of 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 governance were not effective.

## **Basis for Conclusion**

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

The Hospital Management had not developed risk management strategies. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.”

Therefore, Ruiru Level 4 Hospital did not have formal approved processes and guidelines on how to mitigate operational, legal and financial risks such as; identifying business risks relevant to financial reporting objectives, estimating the significance of the risks, assessing the likelihood of their occurrence and deciding about actions to address and mitigate those risks.

### **2. Anomalies in Governance and Governance Structures**

The statement of financial performance reflects Board of management expenses amounting to Kshs.21,500. Audit review of Ruiru Level 4 Hospital governance and governance structures established the following inconsistencies;

- i. The Board is comprised of four (4) directors contrary to Section 19 of Kiambu County Health Services Bill, 2019 Part V1 that requires the Board composition to be comprised of a chairperson, hospital superintendent, representative of chief officer, four residents of sub-county where the Hospital is located and person co-opted by the board. As such the board failed to meet the required composition as required by law.
- ii. Management did not provide the gazette notices, appointment letters and acceptance letters for all the Board members who served during the year under review and the audit could not confirm the legitimacy of the governing organ of the Hospital.

In the circumstances, the effectiveness of the internal control on governance matters could not be confirmed.

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

## **Responsibilities of the Management and Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Facilities' 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 December, 2024

## Appendices

### Appendix I: Facility Check List Variances

	Criteria	Level 4 Requirement	In Place	Variance
1	Staffing Requirement			
	Medical Officers	16	6	12
	Anesthesiologists	2	2	0
	General Surgeons	2	2	0
	Gynecologists	2	2	0
	Pediatricians	2	1	1
	Radiologists	2	2	0
	Registered Community Health Nurses	75	56	19
2	Services Offered			
	Surgical Services	√	only clinics	
	Pediatric Services		√	
	Gynecology Services		√	
	Radiology Services		√	
	Renal/ Dialysis Services		X	
	Tuberculosis Services		√	
3	Bed Capacity	150	130	20
4	Equipment & Machines			
	Incubators in the New Born Unit	5	3	2
	HDU cots in the New Born Unit	5	0	5
	Resuscitaire in theatre	1	1	0
	Resuscitaire in labour ward	2	1	1
	Functional ICU Beds	6	0	6
	HDU Beds	6	0	6
	Renal units with dialysis machines	5	0	5
	Functional operating theatres Maternity and General wards	2	1	1
5	Ambulances		1	
6	Governance by hospital management teams			

Report of the Auditor-General on Ruiru Level 4 Hospital - Kiambu County Government for the year ended 30 June, 2024

	Validity of the team present		√	
	Regular meeting		x	
	Qualified members		√	
7	Policy documents eg risk mgt policy		None	
8	Audit committee & internal audit		None	
9	Asset Mgt			
	Land Size	5 acres	6 acres	
	Fixed assets register		Not provided	
	Ownership documents		Not provided	
	Equipment in good service		√	
10	Store Management			
	Expired Drugs		√	
	Adequate Storage Space		√	
	FIFO Issuance of Drugs		√	

*Ruiru Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**14. Statement of Financial Performance for The Year Ended 30 June 2024**

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	0
In-kind contributions from the County Government	7	-	10,000,000
Grants from donors and development partners	8	-	0
Transfers from other Government entities	9	-	0
Public contributions and donations	10	-	645,000
		-	<b>10,645,000</b>
<b>Revenue from exchange transactions</b>			
<b>Rendering of services- Medical Service Income</b>	<b>11</b>	<b>68,232,912</b>	<b>45,373,576</b>
Revenue from rent of facilities	12	-	0
Finance /Interest Income	13	-	0
Miscellaneous Income	14	-	0
<b>Revenue from exchange transactions</b>		<b>68,232,912</b>	<b>45,373,756</b>
<b>Total revenue</b>		<b>68,232,912</b>	<b>56,018,756</b>
Expenses			
Medical/Clinical costs	15	35,223,752	21,682,473
Employee costs	16	10,192,040	9,680,380
Board of Management Expenses	17	21,500	10,000
Depreciation and amortization expense	18	-	1,871,844
Repairs and maintenance	19	2,136,481	2,016,239
20% retention to county	20	13,485,878	0
General expenses	21	7,544,960	6,877,200
Finance costs	22	-	0

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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Description			
<b>Total expenses</b>		<b>68,604,611</b>	<b>42,138,136</b>
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	0
Unrealized gain on fair value of investments	24	-	0
Medical services contracts Gains/Losses	25	-	0
Impairment loss	26	-	0
Gain on foreign exchange transactions		-	0
Total other gains/(losses)		-	0
<b>Net Surplus / (Deficit) for the year</b>		<b>(371,699)</b>	<b>13,880,620</b>

*(The notes set out on pages 25 to 43 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 21/11/2024 and signed on its behalf by:

  
 .....

**Chairman**  
**Board of Management**

  
 .....

**Head of Finance**  
**ICPAK No: 33272**

  
 .....

**Medical Superintendent**

*Ruiru Level 4 Hospital (Kiambu County Government)*  
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**15. Statement of Financial Position As At 30<sup>th</sup> June 2024**


Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	17,783,623	6,743,432
Receivables from exchange transactions	28	65,789,174	55,170,844
Receivables from non-exchange transactions	29	-	0
Inventories	30	2,627,075	562,560
<b>Total Current Assets</b>		<b>86,199,872</b>	<b>62,476,836</b>
Non-current assets			
Property, plant, and equipment	31	12,490,337	12,490,337
Intangible assets	32	-	0
Investment property	33	-	0
<b>Total Non-current Assets</b>		<b>12,490,337</b>	<b>12,490,337</b>
<b>Total assets (A)</b>		<b>98,690,209</b>	<b>74,967,173</b>
Liabilities			
Current liabilities			
Trade and other payables	34	78,821,477	63,368,132
Refundable deposits from customers/Patients	35	-	0
Provisions	36	-	0
Finance lease obligation	37	-	0
Current portion of deferred income	38	-	0
Current portion of borrowings	39	-	0
Social Benefits	41	-	0
<b>Total Current Liabilities</b>		<b>78,821,477</b>	<b>63,368,132</b>


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Non-current liabilities			
Provisions	36	-	0
Non-Current Finance lease obligation	37	-	0
Non-Current portion of deferred income	38	-	0
Non - Current portion of borrowings	39	-	0
Service concession Arrangements	40	-	0
Social Benefits	41	-	0
Total non-current liabilities		-	0
<b>Total Liabilities (B)</b>		<b>78,821,477</b>	<b>63,368,132</b>
<b>Net assets (A-B)</b>		<b>19,868,732</b>	<b>0</b>
Represented by:			
Revaluation reserve		-	0
Accumulated surplus/Deficit		-	11,599,041
Capital Fund		-	0
<b>Net Assets and liabilities</b>		<b>98,690,209</b>	<b>74,967,173</b>

(The notes set out on pages 25 to 44 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 21/07/2024 and signed on its behalf by:

  
 .....  
**Chairman**  
**Board of Management**

  
 .....  
**Head of Finance**  
**ICPAK No: 33222**

  
 .....  
**Medical Superintendent**

**Ruiru Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**16. Statement of Changes in Net Asset for The Year Ended 30 June 2024**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2022</b>	0	(2,281,579)	0	(2,281,579)
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	13,880,620	-	13,880,620
Capital/Development grants	-	-	0	-
<b>As at June 30, 2023</b>	0	<b>11,599,041</b>	<b>0</b>	<b>11,599,041</b>
<b>At July 1, 2023</b>	0	<b>11,599,041</b>	<b>0</b>	<b>11,599,041</b>
Revaluation gain	0	-	0	-
Surplus/(deficit) for the year	-	(371,699)	-	(371,699)
Capital/Development grants	-	-	0	-
<b>At June 30, 2024</b>	<b>Xx</b> <b>x</b>	<b>11,227,342</b>	<b>0</b>	<b>11,227,342</b>

**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Statement of Cash Flows			
Description	2024	2023	2022
<b>Cash flows from operating activities</b>			
Receipts			
Transfers from the County Government		-	0
Grants from donors and development partners		-	0
Transfers from other Government entities		-	0
Public contributions and donations		-	0
Rendering of services- Medical Service Income		68,232,912	45,373,756
Revenue from rent of facilities		-	0
Finance / interest income		-	0
Miscellaneous receipts(specify)		-	0
<b>Total Receipts</b>		<b>68,232,912</b>	<b>45,373,756</b>
Payments			
Medical/Clinical costs		22,391,284	11,415,204
Employee costs		6,949,040	9,680,380
Board of Management Expenses		21,500	10,000
Repairs and maintenance		1,604,797	969,895
Grants and subsidies		13,485,878	0
General expenses		5,996,790	5,093,682
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>50,449,289</b>	<b>27,169,161</b>
Net cash flows from operating activities	42	17,783,623	18,204,595
Cash flows from investing activities			
Purchase of property, plant, equipment		-	11,931,742
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-

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Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Acquisition of investments		-	-
Net cash flows used in investing activities		17,783,623	6,272,853
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,783,623</b>	<b>6,272,853</b>
Cash and cash equivalents as at 1 July	27	0	470,579
Cash and cash equivalents as at 30 June	27	17,783,623	6,743,432

*Ruiru level 4 Hospital (Kiambu County Government)*  
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**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 20XX**

	a	B	c=(a+b)	d	e=(c-d)	f=e/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	0	0	0	-	0	%
Grants from donors and development partners	0	0	0	0	0	%
Transfers from other Government entities	0	0	0	-	0	%
Public contributions and donations	0	0	0	0	0	0%
Rendering of services- Medical Service Income	51,519,558	0	51,519,558	45,373,756	6,145,802	11.9%
Revenue from rent of facilities	0	0	0	-	0	%
Finance / interest income	0	0	0	-	0	%
Miscellaneous receipts (specify)	0	0	0	-	0	%
Total income	51,519,558	0	51,519,558	56,018,756	4,499,198	8.7%
Expenses						
Employee costs	10,800,000	0	10,800,000	9,680,380	1,119,620	10.3%
Medical/Clinical costs	25,289,100	0	25,289,100	21,682,473	3,606,627	14.26%

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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Remuneration of directors	120,000	0	120,000	10,000.00	110,000	91.67%
Repairs and maintenance	2,130,000	0	2,130,000	2,016,239	113,761	5.3%
Grants and subsidies	0	0	0	-	0	%
General expenses	7,305,000	0	7,305,000	6,877,200	427,800	5.86%
Finance costs	0	0	0	-	0	%
Refunds	0	0	0	-	0	%
Total expenditure	45,644,100	0	45,644,100	40,266,292	6,568,328	14.4%
Surplus for the period	5,875,458		5,875,458	15,752,464	-9,877,006	

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14

2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

:

## **19. Notes to the Financial Statements**

### **1. General Information**

Ruiru level 4 Hospital is established by and derives its authority and accountability from Kiambu county health services Act, 2019. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County, Ruiru Sub County in Biashara ward. The entity's principal activity is provision of health services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the country. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024*

There were no new and amended standards issued in the financial year.

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Description of the standard
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

***iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year

**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 2023/2024 was approved by Board on 10th July 2023. 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, additional appropriations on the FY 2023/2024 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 18 of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*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 xxx 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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

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 set out in *Note xx*.

**Financial liabilities**

**Classification**

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

**Notes to the Financial Statements (Continued)**

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

**p. Changes in accounting policies and estimates**

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

**Notes to the Financial Statements (Continued)**

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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

*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2023 KSh	2024 KSh
<b>Unconditional grants</b>		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants ( <i>specify</i> )	0	0
	<b>0</b>	<b>0</b>
<b>Conditional grants</b>		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>0</b>	<b>0</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized in the Statement of Financial Performance	Amount recognized in the Statement of Financial Position	Amount recognized in the Statement of Financial Performance	Amount recognized in the Statement of Financial Position	Total grant income during the year
	KSh	KSh	KSh	KSh	KSh
Kiambu County Government	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Notes to Financial Statements Continued**

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

Description	2023/2024	2022/2023
	4	3
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
X-ray machine	0	10,000,000
<b>Total grants in kind</b>	<b>0</b>	<b>10,000,000</b>

**8. Grants From Donors and Development Partners**

Description	2023/2024	2022/2023
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (specify)	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

*(Provide brief explanation for this revenue)*

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

Name of the Entity providing the grant	Amount recognized in Statement of Financial Performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2022/2023
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	2023/2024 KShs	2022/2023 KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from other Institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

**10. Public Contributions and Donations**

Description	2023/2024 KShs	2022/2023 KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	645,500
Other donations(specify)	0	0
Donations in kind-amortised	0	0
<b>Total donations and sponsorships</b>	<b>0</b>	<b>645,500</b>

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

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	0	0
Amortised and transferred to revenue	0	0
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>0</b>

*Ruiru Level 4 Hospital (Kiambu County Government)*  
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Total revenue from the rendering of services	68,232,912	45,373,756

**Notes to the Financial Statements (Continued)**

**12. Revenue From Rent of Facilities**

Description	2023/2024	2022/2023
	KShs	KShs
Revenue from rent of facilities	0	0
Commitment charges	0	0
<b>Total Revenue from rent of facilities</b>	<b>0</b>	<b>0</b>

**13. Finance /Interest Income**

Description	2023/2024	2022/2023
	KShs	KShs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

**14. Miscellaneous Income**

Description	2023/2024	2022/2023
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	1,628,360
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
<b>Total Miscellaneous income</b>	<b>0</b>	<b>1,628,360</b>

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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**Notes to the Financial Statements (Continued)**

**15. Medical/ Clinical Costs**

Description	2023/2024	2022/2023
	Kshs	Kshs
Dental costs/ materials	989,500	-
Laboratory chemicals and reagents	5,912,130	3,266,753.00
Public health activities	-	-
Food and Ration	3,132,084	2,035,996.00
Uniform, clothing, and linen	-	-
Dressing and non-pharmaceuticals	13,130,662	8,057,718.00
Pharmaceutical supplies	6,434,925	5,013,102.00
Health information stationery	-	861,250.00
Reproductive health materials	2,258,176	560,239.00
Sanitary and cleansing Materials	996,000	530,385.00
Purchase of Medical gases	1,352,625	1,003,700.00
X-Ray/Radiology supplies	786,150	353,200.00
Other medical related clinical costs (specify)	231,500	560,369.00
<b>Total medical/ clinical costs</b>	<b>35,223,752</b>	<b>21,682,473.00</b>

**16. Employee Costs**

Description	2023/2024	2022/2023
Salaries, wages, and allowances	10,192,040	8,894,320.00
Contributions to pension schemes	-	522,960.00
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	263,100.00
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>10,192,040</b>	<b>9,680,380.00</b>

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**Notes to the Financial Statements (Continued)**

**17. Board of Management Expenses**

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	21,500	8,500.00
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	1,500.00
Airtime allowances	-	-
<b>Total</b>	<b>21,500</b>	<b>10,000.00</b>

**18. Depreciation and Amortization Expense**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	0	1,871,844
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>1,871,844</b>

**19. Repairs And Maintenance**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property- Buildings	1,360,238	1,032,785
Medical equipment	182,900	55,000
Office equipment	99,984	212,848
Furniture and fittings	0	0
Computers and accessories	231,000	363,270
Motor vehicle expenses	158,000	352,336
Maintenance of civil works	104,359	0
<b>Total repairs and maintenance</b>	<b>2,136,481</b>	<b>2,016,239</b>

**Notes to the Financial Statements (Continued)**

**20. Retention to county Government**

Description	2023/2024	2022/2023
20% retention	13,485,878	0
<b>Total</b>	<b>13,485,878</b>	<b>0</b>

**21. General Expenses**

Description	2023/2024	2022/2023
Advertising and publicity expenses	-	-
Catering expenses	100,000	190,000.00
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	5,666	15,988.00
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	1,536,000	1,664,000.00
Electricity expenses	2,620,000	2,150,000.00
Fuel and Lubricants	-	391,212.00
other gases( cooking gas)	319,924	-

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Description	2023/2024	2022/2023
	KShs	KShs
Research and development expenses	-	-
Travel and accommodation allowance	-	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	1,935,500	1,547,000.00
Beddings and linen	261,820	-
Rent expenses	-	-
Water and sewerage costs	300,000	650,000.00
Skills development levies	-	-
Telephone and mobile phone services	201,000	222,000.00
Internet expenses	84,000	47,000.00
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Kitchen utensils	181,050	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>7,544,960</b>	<b>6,877,200.00</b>

**22. Finance Costs**

Description	2023/2024	2022/2023
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

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

Description	2023	2024
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised ( <i>specify</i> )	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

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

Description	2023	2024
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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**Notes to the Financial Statements (Continued)**

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

Description	2023/2024	2022/2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
<b>Total Gain/Loss</b>	<b>0</b>	<b>0</b>

**26. Impairment Loss**

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

**27. Cash And Cash Equivalents**

Description	2023/2024	2022/2023
	KShs	KShs
Current accounts	17,783,623	6,653,432.40
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	90,000.00
Others(specify)- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>17,783,623</b>	<b>6,743,432.40</b>

**Notes to the Financial Statements (Continued)**

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

	Account Number	Balance	Amount
<b>a) Current account</b>			
Kenya Commercial bank	1256161306	12,102,289.00	3,629,220.00
Kenya Commercial bank	1156993164	5,519,009.00	2,884,112.40
Family bank	1000053777	162,325.00	140,100.00
<b>Sub- total</b>		<b>17,783,623.00</b>	<b>6,653,432.40</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
cash in hand		-	90,000.00
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		-	<b>90,000.00</b>
<b>Grand total</b>		<b>17,783,623.00</b>	<b>6,743,432.00</b>

**Ruiru Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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**28. Receivables From Exchange Transactions**

Description	2023/2024	2022/2023
	KShs	KShs
Medical services receivables	65,789,174	55,170,844
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>65,789,174</b>	<b>55,170,844</b>

**Analysis of Receivables From Exchange Transactions**

Description	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	10,618,330	16%	0	%
Between 1- 2 years	55,170,844	84%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>65,789,174</b>	<b>100%</b>	<b>0</b>	<b>%</b>

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

Description	2023/2024 KSh '000	2022/2023 KSh '000
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	(0)	(0)
<b>Total</b>	<b>0</b>	<b>0</b>

**Analysis of Receivables From Non-Exchange Transactions**

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

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**30. Inventories**

Description	2023/2024	2022/2023
	KShs	KShs
Pharmaceutical supplies	1,882,532	130,000.00
Maintenance supplies	-	-
Food supplies	124,703	100,000.00
Linen and clothing supplies	-	-
Cleaning materials supplies	168,000	259,000.00
General supplies	451,840	123,560.00
Less: provision for impairment of stocks	-	(50,000.00)
<b>Total</b>	<b>2,627,075</b>	<b>562,560.00</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

	KShs	KShs	KShs	KShs	KShs	in progress	KShs
<b>Depreciation rate</b>			12.50%	40%	12.50%		
<b>Cost 30 June 2023</b>	0	1,372,300	668,500	779,270	11,812,584	0	14,632,654
<b>At 1st July, 2023</b>	0	1,372,300	668,500	779,270	11,812,584	0	14,632,654
Additions	0		0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0
<b>At 30th June 2024</b>	0	1,372,300	668,500	779,270	11,812,584	0	14,632,654
<b>Depreciation and impairment</b>							
At 30th June, 2023	0		14,400	52,000	204,073	0	270,473
At 1st July, 2023	0		14,400	52,000	204,073	0	270,473
Depreciation	-					-	1,871,844

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Transfer/adjustment	0	0	0	0	0	0	0
At 30th June, 2024	0	0	97,963	363,708	1,680,646	0	2,142,317
Net book values							
<b>At 30th June, 2024</b>	<b>0</b>	<b>1,372,300</b>	<b>570,537</b>	<b>415,562</b>	<b>10,131,938</b>	<b>0</b>	<b>12,490,337</b>
<b>At 30th June, 2023</b>		<b>1,372,300</b>	<b>570,537</b>	<b>415,562</b>	<b>10,131,938</b>	<b>0</b>	<b>12,490,337</b>

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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**Notes to the Financial Statements (Continued)**

**32. Intangible Assets-Software**

Description	2023/2024	2022/2023
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	0	0
Amortization for the period	0	0
Impairment loss	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>NBV</b>	<b>0</b>	<b>0</b>

**33. Investment Property**

Description	2023/2024	2022/2023
	ESh	ESh
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>
Additions	0	0
Disposals during the year	(0)	(0)
Fair value gain	0	0
Depreciation ( <i>where investment property is at cost</i> )	(0)	(0)
Impairment	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>

**Ruiru Level 4 Hospital (Kiambu County Government)**  
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**Notes to the Financial Statements (Continued)**

**34. Trade and other Payables**

Description	2023/2024		2022/2023	
	KShs		KShs	
Trade payables	78,821,477		63,368,132	
Employee dues	0		0	
Third-party payments	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>78,821,477</b>		<b>63,368,132</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	15,368,345	17%		%
1-2 years	0	%		%
2-3 years	0	%		%
Over 3 years	63,368,132	83%		%
<b>Total</b>	<b>78,821,477</b>	<b>100%</b>		<b>%</b>

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

Description	2023/2024		2022/2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others ( <i>specify</i> )	0		0	
<b>Total deposits</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%

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Over 3 years	0	%	0	%
<b>Total</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

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**Notes to the Financial Statements (Continued)**

**36. Provisions**

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

**37. Finance Lease Obligation**

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**38. Deferred Income**

Description	2023/2024	2022/2023
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

Description	2023/2024	2022/2023
<b>Balance b/f</b>	<b>0</b>	<b>0</b>
Additions during the year	0	0
Transfers to Capital fund	(0)	(0)
Transfers to statement of financial performance	(0)	(0)
Other transfers ( <i>Specify</i> )	(0)	(0)
<b>Balance C/F</b>	<b>0</b>	<b>0</b>

**39. Borrowings**

Description	2023/2024	2022/2023
	KShs	KShs
<b>Balance at beginning of the period</b>	<b>0</b>	<b>0</b>
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

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

Description	2023/2024	2022/2023
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**40. Service Concession Arrangements**

Description	2023/2024	2022/2023
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<b>0</b>	<b>0</b>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<b>0</b>	<b>0</b>

**41. Social Benefits**

Description	2023/2024	2022/2023
	KShs	KShs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

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**42. Cash Generated from Operations**

Description	2024	2023
Surplus for the year before tax	0	0
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	0	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
<b>Working Capital adjustments</b>		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>0</b>	<b>0</b>

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**43. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital'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 hospital 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 hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due. The board of management sets the hospital'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 hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	31st June 2023		30th June 2024	
	Contractual	Contractual	Contractual	Contractual
	cash	cash	cash	cash
<b>At 30 June 2023</b>				
Trade payables	0	0	63,368,132	63,368,132
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>63,368,132</b>	<b>63,368,132</b>
<b>At 30 June 2024</b>				
Trade payables	0	0	15,453,343	15,453,343
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0

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<b>Total</b>	<b>0</b>	<b>0</b>	<b>78,821,477</b>	<b>78,821,477</b>
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**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

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

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the 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	KSh	USD	GBP
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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**Notes to the Financial Statements (Continued)**

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
<b>2023</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2024</b>			
Euro	10%	0	0
USD	10%	0	0

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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**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.

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

**iv) Capital Risk Management**

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

Description	2023	2022
Revaluation reserve	0	0
Retained earnings	16,823,393	16,823,393
Capital reserve	21,457,525	21,457,525
<b>Total funds</b>	<b>38,280,918</b>	<b>38,280,918</b>
Total borrowings	0	0
Less: cash and bank balances	(0)	(6,028,873.4)
Net debt/ ( <i>excess cash and cash equivalents</i> )	6,028,873	6,028,873.4
<b>Gearing</b>	<b>-1.5%</b>	<b>-1.5%</b>

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**Notes to the Financial Statements (Continued)**

**44. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

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

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

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services	0	0
Sales of services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	10,645,500
<b>Total</b>	<b>0</b>	<b>10,645,500</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages	0	0

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Description	2024	2023
Payments for goods and services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	0	10,000
Compensation to the medical Sup	0	0
Compensation to key management	21,500	0
<b>Total</b>	<b>21,500</b>	<b>10,000</b>

**45. Segment Information**

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

**46. Contingent Liabilities**

Contingent liabilities	2024	2023
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**47. Capital Commitments**

Capital Commitments	2024	2023
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

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

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**50. Currency**

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

**20. Appendices**

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

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

Reference No. in the external audit report	Issue/Observation	Management comments	Status (Resolved/Not Resolved)	Time frame for resolution

**Guidance Notes:**

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

.....  
**Accounting Officer**

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**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

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

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**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	25/9/2023	14,937,933.60		14,937,933.60	
	12/1/2024	10,950,660		10,950,660	
	19/4/2024	14,034,653.60		14,034,653.60	
Total		39,923,246		39,923,246	

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

Account	Sub-account	Disaster	Disaster Expenditure	Disaster Expenditure	Disaster Expenditure	Disaster Expenditure