

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**LODWAR COUNTY REFERRAL HOSPITAL**

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

**COUNTY GOVERNMENT OF TURKANA**

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**LODWAR COUNTY REFERRAL HOSPITAL  
(Turkana 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)

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Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management .....	iii
3. The Board of Management.....	vi
4. Key Management Team.....	ix
5. Chairman's Statement.....	xi
6. Report of The Medical Superintendent.....	xiii
7. Statement of Performance Against Predetermined Objectives.....	xv
8. Corporate Governance Statement .....	xvii
9. Management Discussion and Analysis.....	xx
10. Environmental And Sustainability Reporting .....	xxiii
11. Report of The Board of Management.....	xxvi
12. Statement of Board of Management's Responsibilities .....	xxvii
13. Report of the Auditor-General on Lodwar County Referral Hospital for the year Ended 30 June, 2024 .....	xxviii
14. Statement of Financial Performance for The Year Ended 30 June 2024 .....	1
15. Statement of Financial Position As At 30 <sup>th</sup> June 2024.....	3
16. Statement of Changes in Net Asset for The Year Ended 30 June 2024 .....	5
17. Statement of Cash Flows for The Year Ended 30 June 2024 .....	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024.....	8
19. Notes to the Financial Statements.....	10
20. Appendices .....	56

## **1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the management
PPDA	Public Procurement and Disposal Act
CEO	Chief Executive Officer
IPSAS	International Public Sector Accounting Standards
DANIDA	Danish International Development Agency
ICPAK	The Institute of Certified Public Accountants of Kenya
JICA	Japan International Cooperation Agency
KEMSA	Kenya Medical Supplies Authority
MEDS	Mission for Essential Drugs and Supplies

## **2. Key Entity Information and Management**

### **(a) Background information**

Lodwar County Referral Hospital is a public hospital domiciled in Turkana County under the Department of Health. The hospital is governed by a Board of Management., in the north-western region of Kenya. The hospital serves as a referral facility for the larger Turkana County, providing specialized medical care and services to the community. The hospital is also a teaching facility for the Kenya Medical Training College and it provides services such as laboratory, radiology, and surgery. The hospital serves a large number of patients from the region, many of whom are from marginalized and disadvantaged communities with limited access to healthcare. The hospital is a key healthcare facility in the region, and it plays an important role in providing essential health services to the population.

### **(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to provide efficient and high-quality health care system that is accessible, equitable, and affordable for every resident of Turkana County. Further it is mandated to promote and participate in provision of integrated and high quality promotive, preventive, curative, and rehabilitative health care services to every resident of Turkana County. It also formulates policies, set standards, provide health services, create and enabling environment and regulate the provision of health service delivery

### **(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Chief Executive Officer
- Hospital Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Chief Executive Officer	Dr. Joseph Epem
2.	Deputy Director Administration & Finance	Simon Loyara
3.	Deputy Director Clinical Services	Dr. Ekiru Kidalio
4.	Senior Accountant	Mr. Wycliffe Ogetii

**(e) Fiduciary Oversight Arrangements**

**Quality Improvement Team**

There is a quality improvement team comprising of various heads of departments, the CEO being the chairperson and the matron being the secretary. This team is obliged to improve the speed of decision-making and increase commitment for quality improvement. The roles and responsibilities of this committee is training of hospital staff, conducting situation analysis before implementation of QI approach, implementing Quality Improvement activities for common problems of the hospital, providing necessary inputs for QI activities, reviewing situation and the action plan et cetera.

The team implements changes, monitors their effects, and continuously evaluates and adjusts their approach to drive ongoing improvements in quality of care. Additionally, they ensure compliance with regulatory standards and accreditation requirements.

**Waiver Committee**

There is a waiver committee in place which is typically responsible for reviewing and approving requests for waivers or exceptions to established policies, procedures, or guidelines. These committees often consist of the CEO who serves as the chairperson, social worker- who serves as the secretary, and the administrator, accountant and the matron who are members. The primary role of the waiver committee is to assess the justification for the waiver request, evaluate potential risks and benefits, and make informed decisions that align

with the hospital's mission, values, and regulatory requirements. Waiver committees play a crucial role in ensuring that exceptions to standard protocols are made judiciously and with careful consideration of patient safety, legal implications, and ethical considerations.

**(f) Entity Headquarters**

Lodwar County Referral Hospital  
P.O. Box 18-30500  
Napetet Road  
Lodwar, Kenya

**(g) Entity Contacts**

E-mail: [lodwarreferral@turkana.go.ke](mailto:lodwarreferral@turkana.go.ke)

**(h) Entity Bankers**

National Bank of Kenya  
Head Office, National Bank Building  
Harambee Avenue  
P.O. Box 72866-00200 Nairobi, Kenya  
Email: [info@nationalbank.co.ke](mailto:info@nationalbank.co.ke)


**(i) Independent Auditors**



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




**(j) Principal Legal Adviser**

The Office of the County Attorney  
P.O. Box 11-30500  
Lodwar, Kenya




### 3. The Board of Management

Ref	Directors	Details
1.		<p><b>Moses Ikwel Achok</b></p> <p>Moses currently sits as Chairperson of Turkana County Referral Hospital Board. Mr Ikwel holds a Bachelor’s of Development Studies degree from Mount Kenya University, SI Teacher certificate and a PI certificate and has a working experience of over 27 years in leadership positions. He has served as a Principal Social Welfare Officer – Turkana County Government Consultant Trainer. Previously he served as a Chairperson, Community Liaison Committee – Oil and Gas operations, Turkana West sub county (CEPSA). He has also served as a chairperson, Community Dialogue and Development Committee (CDDC) Kalobeyei Refugee Settlement Programme. He also served as a Director Member – General Wages Council Ministry of Labour Nairobi. He also served as a public relations officer.</p>
2.		<p><b>Dr Joseph Epem</b></p> <p>Dr. Epem has over 14 years of working experience in leadership in diverse fields. He holds a Master of Public Health from Maseno University, a Master of Business Administration – Healthcare Management from University of Zambia, Postgraduate Diploma, Management and control of HIV/AIDS and Infectious Diseases Galilee from the International Institute-Israel, Postgraduate Certificate, Applied Epidemiology &amp; Biostatistics Course Ss1978 CDC Atlanta- 2011, and PharmD, from University of Nairobi.</p> <p>Currently Dr. Epem is pursuing Bachelor of Laws (LLB) from the University of Suffolk. He has a wealth of working experience. Currently he is serving as the County Director/CEO at Lodwar county Referral Hospital and doubles up as the secretary to the Hospital Board. Previously he has also served as a County Director- Health Products and technologies, County Director of health-Preventive and Promotive services, Ag. Chief officer of health, District Medical Officer of health, at the Turkana County Government. He has also served as Hospital Pharmacist, at Lodwar District Hospital</p>


3.		<p><b>Fr Paul Areman</b> Fr. Paul holds a Phd in Development Studies from Moi University, a Master of Arts degree in Development Studies, Post Graduate Diploma in Planning and Management of Development Projects, and Baccalaureate in Sacred Theology from the Catholic University of Eastern Africa. He also has a Bachelor’s of Philosophy from Pontifical Urbaniana University. He has a wealth of working experience. Currently he is serving as the Administrator at the St. Augustine Cathedral, Vicar General at Catholic Diocese of Lodwar. Previously he has also served as a Parish priest at Holy Spirit Parish-Nawoitong, a campus chaplain at Mount Kenya University-Lodwar Campus, a Dean Catholic Diocese of Lodwar- Central Deanery, a parish priest St. Michael Parish- Napetet- Catholic Diocese of Lodwar. He has also served as Deputy Director- Caritas Lodwar at the Catholic Diocese of Lodwar, Assistant Campus Chaplain at The Catholic University of Eastern Africa- Gaba Campus, Chaplain at Mother of Mercy, Langata Barracks, Parish Priest at St. Daniel Comboni Parish-Lokori, Catholic Diocese of Lodwar and Good Shepherd Parish, Kakuma, Lodwar Diocese respectively. He was also the Director at Good Shepherd Catechetical Centre, Katilu- Catholic Diocese of Lodwar. He has also done community service in various institutions and schools</p>
4.		<p><b>Moses Ikwel Achok</b> Mr Ikwel holds a Bachelor’s of Development Studies degree from Mount Kenya University, S1 Teacher certificate and a P1 certificate and has a working experience of over 27 years in leadership position s. He has served as a Principal Social Welfare Officer – Turkana County Government Consultant Trainer. Previously he served as a Chairperson, Community Liaison Committee – Oil and Gas operations, Turkana West sub county (CEPSA). He has also served as a chairperson, Community Dialogue and Development Committee (CDDC) Kalobeyei Refugee Settlement Programme. He also served as a Director Member – General Wages Council Ministry of Labour Nairobi. He also served as a public relations officer.</p>

<p>5.</p>		<p><b>Robert Lochuch Kamaro</b>                  Mr. Lochuch has 20 years of working experience in leadership in diverse fields. He currently serves as a Director and Health Advisor with Lodwar Galilee School. He also served in various key roles in Save the Children as a Child safeguarding Focal Person and as a Technical Officer Clinical Services HIV/SRHR Project. He previously served as a Senior Program Coordinator with AICHM/DIFAEM/ACTION MEDEOR Boresha Project Nairobi. Previously also he has worked with Pathfinder International as a Lead Clinician/Surgeon for VMMC Program. He also served in the Ministry of Health Services welfare Kingdom of Lesotho as a Senior Nursing officer. He holds a Bachelor's of Science in Public Health from Jomo Kenyatta University of Agriculture and Technology</p>
<p>6.</p>		<p><b>Mrs Jacinta Nyanga Epeyon</b>                  Jacinta currently is the PTA chairperson David Lee Adventist Nagis Secondary school. She has a wealth of experience in leadership having worked as the chairperson Maendeleo ya Wanawake Charter in Turkana County. Previously she was the County Vice Chair Lady Maendeleo ya Wanawake. She has served as a secretary and patient attendant in various institution. She has also been nominated as Councillor Lodwar Municipal Council</p>
<p>7.</p>		<p><b>Esther Kiyonga</b>                  Mrs Esther has over 29 years of working experience in leadership in diverse fields. She holds a Master Degree in Education Leadership and Management from Kenya Methodist University, a bachelor's degree in Education Management from the same university and a diploma in Education Management from Kenya Education Management Institute. Currently she serves as the manager Lodwar Municipality. Previously, she worked as the Sub County Administrator for Turkana West and Central respectively, Ag. Managing Director Lodwar Water Service Company, Deputy headteacher. She has also served as PI Teacher</p>

4. Key Management Team

Ref	Management	Details
1.	 <p><i>Dr. Joseph Epem - MPH, MBA, Pharm</i></p>	Chief Executive Officer
2.	 <p><i>Dr. Ekiru Kidalio- MBBS</i></p>	Deputy Director Clinical Services
3.	 <p><i>Simon Loyara, - MPH</i></p>	Administration and Finance

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

4.	 <i>Rebecca Ekadeli, - BScN</i>	Hospital Matron
5.	 <i>Mary Ogutu-BSc (EVH)</i>	Public Health
6.	 <i>Mr. Wycliffe Ogetii- BBA (Finance &amp; Marketing)</i>	Accountant

## **5. Chairman's Statement**

The governance structure of Lodwar County Referral Hospital includes six members representing diverse independent county structures, such as religious, minority, gender, and community leaders. The hospital's CEO serves as the board secretary. The board convenes quarterly, with the Chairperson directing meetings and the CEO as the convener. The hospital has shown significant improvements, achieving milestones in both facility and human resource expansion, recognized by partners and the community.

Board member profiles, highlighting their strengths and contributions, are included in the hospital's documentation. Lodwar County Referral Hospital (LCRH) has made significant progress, with key milestones highlighted by the board.

The governance board is fully established, with dedicated members who excel in teamwork and are knowledgeable about the facility's operations.

LCRH has seen substantial improvements in facilities, human resources, and healthcare services, driven by an informed and cohesive board, ensuring growth and enhanced service delivery to the community.

Robust HR policies have been passed to address human resource gaps, including the approval of hiring medical staff on a locum basis. This initiative aims to improve access to quality healthcare services and reduce employee burnout.

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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Revenue collection has grown remarkably due to effective policies, including enhanced financial oversight, stricter compliance measures, and proactive management of revenue leaks.

The amenity insurance absorption process has improved significantly. LCRH benefits from the NHIF insurance policy, with additional options such as Jubilee, Medical Administrators (K) Limited, and Minet.

The board has actively advocated for the absorption of casual workers, with the county government promising to address this in the 2024/2025 fiscal year.

As Chairperson, I wish to recognize the exceptional dedication and service of our healthcare workforce, whose commitment is the backbone of our success. I urge the community to ensure they are insured to protect themselves from out-of-pocket payments and enhance their access to quality healthcare.

Looking ahead, establishing a comprehensive 5-year strategic plan and developing an effective communication strategy will be crucial steps forward. The board has demonstrated considerable effectiveness, supported by a forward-looking CEO. We anticipate a productive consultation process and continued improvements in governance.

  
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**Name: Moses Achok**  
**Chairperson to the Board**

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

I am pleased to present the Hospital's annual report and financial statements for the year 2023/24. This report highlights the hospital's operational and financial performance, strategic direction, and challenges faced.

### **Operational Performance**

The hospital provides specialized healthcare services in Turkana, with over one million people relying on it. We have specialists in all major disciplines of medical practice to ensure our patients receive safe, timely, equitable, efficient, effective, and patient-centered services. In 2023/24, the hospital attended to 144,117 patients, of whom 43,000 were inpatients, marking an increase of 6% in outpatient and 11% in inpatient attendance compared to the previous financial year. The medical team demonstrated clinical effectiveness by reducing the mortality rate at the critical care units from 29% in 2021/22 to 18.9%. The installation of a hospital information system and the availability of medical supplies enhanced patient care.

### **Financial Performance**

During the 2023/24 fiscal year, the hospital received funding amounting to Kshs 738,415,851. A significant portion, specifically Kshs 357,805,345 was in kind contribution from the county government. (approximately 47%), Kshs 231,000,000 (approximately 31%) was direct transfers by the Turkana County Government. Additional donations from KEMSA and Mission for Essential Drug Supplies (MEDS) were valued at Kshs 55,220,538 (approximately 7%). Transfers from other governmental entities, including the National Hospital Insurance Fund and insurance providers, contributed Kshs 94,389,967 accounting for roughly (approximately 13%) of the total funding. The hospital generated Kshs 16,370,939 through its own collections since November 1st, 2023, representing 2% of the overall funds. However, challenges remain due to the inability of many patients to pay, resulting in significant revenue loss and affecting funding for essential and quality health services.

### **Embracing Technology to Advance Patient Care**

Aligning with Kenya's and Turkana County's ICT Master Plan, the hospital prioritized ICT to enhance service delivery efficiency. Business reengineering aligned processes for automation, leading to significant ICT system improvements.

The hospital is committed to reducing hospital-acquired infections, medical errors, falls, and venous thrombosis. The Quality Improvement Services (QIT) committee oversees patient safety, clinical governance, infection prevention and control, and monitoring and evaluation. Protocols, SOPs, and guidelines for patient management have been developed. In collaboration with the Medical Training College (MTC) and the Ministry of Health (MoH), we hosted a patient safety symposium and conducted a patient safety survey.

#### Effective Communication

LCRH emphasizes enhancing communication with patients, families, and stakeholders. Employee training in customer care and effective communication is ongoing, maintaining high care standards. Feedback mechanisms have been established to provide timely information, aligning with our motto: "Excellent healthcare close to you." Customer care services and process improvements have been strengthened to enhance patient-caregiver engagement. Our current customer satisfaction index stands at 54%.

#### Acknowledgment

We thank our dedicated staff for their care and support, and extend gratitude to the County Government, led by the Governor, and our stakeholders and sponsors for their contributions to LCRH. Despite financial challenges, their support remains invaluable.

  
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**Name: Dr. Joseph Epem**  
**Secretary to the Board**

## 7. Statement of Performance Against Predetermined Objectives

Section 149 subsection 2(g) of the PFM Act 2012, requires the Accounting Officer of Lodwar County Referral Hospital to prepare a strategic plan in conformity with the medium-term fiscal framework and financial objectives of the County government.

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the Lodwar County Referral Hospital performance against predetermined objectives

Lodwar County Referral Hospital has four strategic pillars and objectives within its Strategic Plan 2022-2032. These strategic pillars are as follows:

Pillar 1: Health Service Delivery

Pillar 2: Health Workforce

Pillar 3: Health Financing

Pillar 4: Leadership And Governance

Lodwar County Referral Hospital develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Lodwar County Referral Hospital achieved its performance targets set for the FY 2023/2024 period for its three strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: Health Service Delivery:</b>	Improve access to essential health services, especially for	Tracking the percentage of the population accessing	Enhance quality, accessibility, and equity of	70% of the vulnerable population are accessing the

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

	vulnerable populations	essential health services.	health services. Strengthen referral systems and emergency care.	health services, and the referral system has been strengthened 65%
<b>Pillar 2: Health Workforce</b>	Enhance their competencies through training and professional development.	Evaluating the percentage of health workers completing required training.	Increase the number of skilled health workers. Improve retention and motivation.	Skilled staff have increased we are nearing to reach the set standard by WHO
<b>Pillar 3: Health Financing</b>	Improve financial risk protection for citizens	Evaluating the extent to which health costs are covered by insurance or other mechanisms.	Increase domestic funding for health. Explore innovative financing mechanisms.	In the process of making the entity autonomous in order to get more funding
<b>Pillar 4: Leadership and Governance</b>	Promote transparency and accountability in health management.	Evaluating adherence to governance principles.	Strengthen health sector leadership at all levels. Enhance coordination among stakeholders	70% achieved in strengthening leadership at all levels

## 8. Corporate Governance Statement

The board of directors is composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The Board has appropriate autonomy and authority to exercise its functions are accountable and responsible to the stakeholders. The composition of the Board provides a diversity of gender, competencies and skills required for effective leadership of the organization.

During the period under review the Board held four number of meetings, nil special meetings and four Finance and Human Resource Committee

<b>N o</b>	<b>Board Member</b>	<b>Classification</b>	<b>Designation</b>	<b>Finance and Human Resource Committee (BF&amp;HRC): Total No. of meetings 4 (4 scheduled, 0 special)</b>	<b>Main Board Meetings: Total 4 (4 scheduled, 0 special)</b>
1.	Ms Basra Ali	Independent	Board Chairperson	1/4	2/4
2.	Fr. Paul Areman	Independent	Vice chairperson	0/4	2/4
3.	Moses Achok	Independent	Member	3/4	4/4
4.	Robert Lochuch	Independent	Member/Chairperson (BF&HRC)	4/4	4/4
5.	Jacinta Epeyon	Independent	Member	4/4	4/4
6.	Dr. Epem Esekom	CEO	Secretary	4/4	4/4
7.	Christine Nalemsekon	Administrator	Member	1/4	2/4

### **Board Charter**

The board is yet to develop the charter.

### **Appointment And Removal Of Directors.**

The board of directors are appointed by a transparent and formal process governed by the County Executive Committee Member (CECM) through a Gazette Notice and thereafter an appointment letter.

### **Roles And Function Of The Board**

The Board of the has the following roles as outlined by Turkana County Health Services Administration Act:

- a) Responsible for the supervision of the funds allocated to the hospital;
- b) Open and operate a bank account at a bank approved by CECM finance;
- c) Consider recommended activities to be included in the hospital work plans based on the County health sector strategic plan.
- d) Keep a permanent record of all deliberations

### **Induction And Training Of The Board**

Lodwar County Referral Hospital recognizes the governance leap made by the Government of Kenya through the development and issuance of Mwongozo- The Code of Governance for State Corporations. In this regard, once new board members are appointed, the Hospital provides them with information on the operations of Lodwar County Referral Hospital.

### **Board And Member Performance**

The board conducts the annual board and individual members' evaluation to monitor and review performance. This is independently supervised by SCAC.

### **Conflict Of Interest**

During every meeting of the board, members sign a declaration of conflict of interest. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

### **Board Remuneration**

The policy on remuneration of the board members is in place as provided for by relevant government regulations and guidelines. Allowances were paid when they fall due.

### **Ethics And Conduct**

Board members received training on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

**Governance Audit**

The Board is yet to established a Board Audit and Risk Committee in compliance with Mwongozo and government audit laws and regulation

**9. Management Discussion and Analysis**

During the year under review the hospital has been operating in accordance with the Facilities Improvement Financing Act 2023.

During the year under review, the Hospital had received a total of Kshs 738,415,851, out of which Kshs 231,000,000 was funds from the Turkana County Government which was received as actual. A total of Kshs 357,805,345 was in-kind contribution from the county Government. Projected transfer from other government entities was Kshs 94,389,9677, out of this Kshs 73,955,0005 was realized. Donations received from KEMSA and MEDS was Kshs 55,220,538The entity’s own collection was projected at Kshs 16,800,000 but the hospital managed to realize Kshs 16, 370,939.

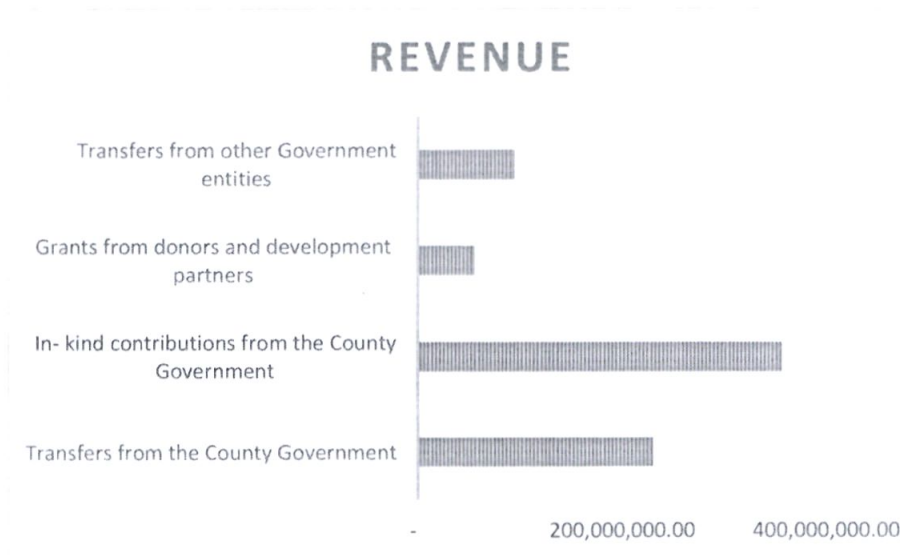


Figure 1 Hospital Income During the Year 2023/24

On expenditure Kshs 190,276,353 was used on Medical/Clinical costs including in kind medical expenses, Kshs 354,766,896 was both actual and in-kind expenditure on casual wages/locum, Board of Management Expenses Kshs 1,671,000, Repairs and maintenance Kshs 40,586,153, General Expenses Kshs 136,248,382, Kshs 8,039,604, was depreciation expense. Cash outflows from the purchase of property, plant and equipment Kshs 23,721,625.

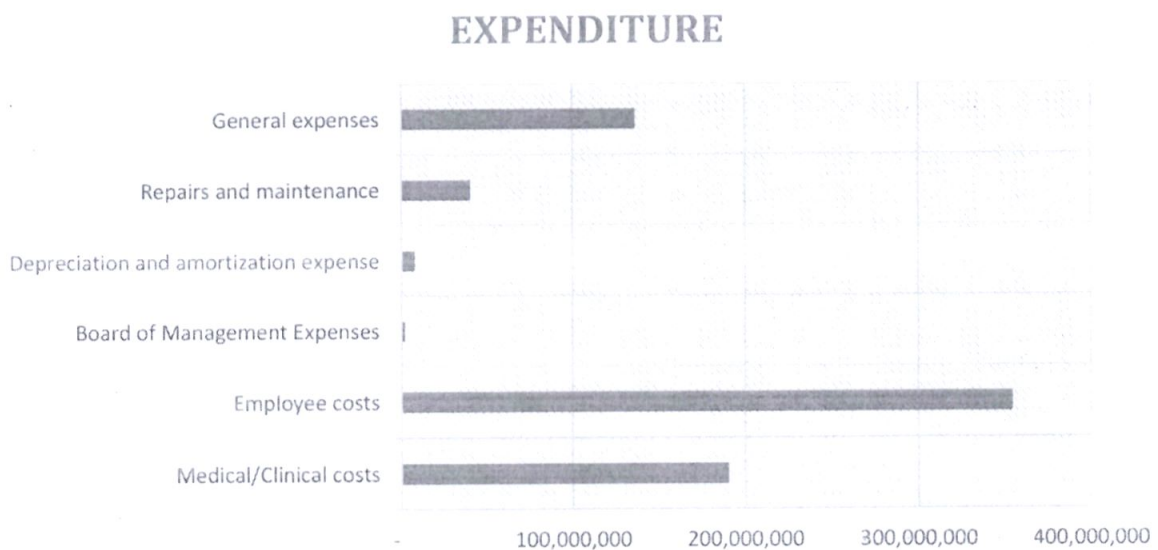


Figure 2 Hospital Expenditure for the Year 2023/24

**Entity’s compliance with statutory requirements**

Lodwar County Referral Hospital has established policies and procedures to ensure compliance with the PFM Act, including the development of an annual budget, the preparation of financial statements, and the implementation of internal controls to prevent fraud and mismanagement. The company also adheres to the PFM's requirements for procurement, including the use of open and competitive bidding processes and the establishment of a procurement committee to oversee the procurement process.

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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Lodwar County Referral Hospital has an accountant who ensures that the hospital's financial statements are accurate and transparent. The hospital's financial statements are audited annually by an independent auditor, in accordance with the PFM Act requirements.

Lodwar County Referral Hospital has established policies and procedures to ensure compliance with the PPDA, including the use of open and competitive bidding processes, and the establishment of a procurement committee to oversee the procurement process. The company also adheres to the PPDA's requirement for the procurement of goods and services from small and medium-sized enterprises, and also has implemented measures to prevent conflicts of interest in the procurement process.

In conclusion, Lodwar County Referral Hospital is committed to compliance with statutory requirements related to public finance management and public procurement. The company has established policies and procedures to ensure compliance with the Public Finance Management Act 2012 and the Public Procurement and Disposal Act 2012 and Regulation 2020 (PPDA). The company's financial statements are audited annually by an independent auditor, in accordance with the PFM Act requirements, and the company's procurement process is overseen by a procurement committee to ensure transparency, fairness, and compliance with the PPDA.



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**Name: Dr. Joseph Epem**  
**Secretary to the Board**

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

### *i) Sustainability strategy and profile*

Lodwar County Referral Hospital in Turkana County, Kenya, prioritizes comprehensive medical care for residents. Its accounting officer ensures financial viability by monitoring expenses and aligning spending with national healthcare goals. Beyond finances, the hospital remains aware of political and macroeconomic trends that impact service delivery. Notably, the hospital installed an integrated solar water desalination system for clean water, irrigation, fish farming, and waste recycling, promoting self-sufficiency.

### *ii) Environmental performance*

The Lodwar County Referral Hospital recognizes its responsibility to protect the environment while providing essential healthcare services. Their environmental policy aims to balance medical care with sustainable practices. Evidence of this policy can be found in their initiatives, infrastructure, and operational decisions. Integrated Solar Water Desalination System: The hospital's recent installation of an integrated solar water desalination system stands as a significant achievement. This system not only provides clean water but also holds promise for irrigation, fish farming, and waste recycling. It's a step toward self-sufficiency and reduced reliance on external resources.

Improved Infrastructure: Rehabilitation efforts have targeted various hospital departments, including the Pediatric ward, Male and Female wards, Outpatient department, Operating Theatre, and Physiotherapy department. Upgrading infrastructure contributes to better resource utilization and energy efficiency. The hospital's location in an arid area necessitates thoughtful resource use. Preserving local flora and fauna is crucial for ecological balance. The hospital's waste management policy likely includes guidelines for proper disposal of medical waste. Ensuring safe handling of hazardous materials is essential. Evidence of this policy would be found in waste disposal practices, segregation, and collaboration with relevant agencies.

### *iii) Employee welfare*

The hiring process for Lodwar County referral staff is done centrally by the County Public Service Board by following the National's Human Resource policies and manuals which take into account the gender ratio, take in stakeholder engagements and how often they are improved. The hospital

ensures a safe working environment, proper handling of hazardous materials, and compliance with health and safety regulations such as the Occupational Safety and Health Act of 2007, (OSHA.)

***iv) Market place practices-***

The following are the market place practices undertaken by the hospital:

***a) Responsible competition practice.***

The Lodwar County Referral Hospital actively promotes ethical practices and responsible competition. They combat corruption through internal controls and audits, educate staff about fair play, and maintain a neutral political stance. Fair competition, innovation, and respect for competitors contribute to their commitment to quality healthcare

***b) Responsible Supply chain and supplier relations***

Lodwar County Referral Hospital demonstrates responsible business practices by upholding contractual agreements and treating suppliers with respect. Their commitment to honouring contracts ensures that suppliers receive timely payments and fair treatment. Whether procuring foodstuff, medical supplies, or other essentials, the hospital prioritizes transparency, reliability, and ethical conduct. By maintaining strong relationships with suppliers, they contribute to a sustainable and efficient healthcare system for the community.

***c) Responsible marketing and advertisement***

Lodwar County Referral Hospital demonstrates ethical marketing practices through several initiatives. Firstly, they prioritize transparency and community engagement, actively communicating with the community about services, programs, and achievements. Secondly, their patient-centric approach ensures clear communication about available services, treatment options, and patient rights. Thirdly, they practice cultural sensitivity, considering Turkana's unique context in marketing materials. Fourthly, collaboration with NGOs and partners strengthens their reach, enhancing community awareness. Lastly, maintaining high standards of care contributes to a positive reputation, as satisfied patients become advocates for the hospital's ethical practices

*v) Corporate Social Responsibility / Community Engagements*

The Lodwar County Referral Hospital operates within a community facing significant vulnerability due to low poverty levels. There are instances where patients receive services but are unable to pay, the hospital steps in to assist by waiving those that can't really pay. Additionally, after receiving treatment and discharged, there are those stranded due to lack of transportation, the hospital provides support to ensure they can safely return home to their families. This compassionate approach reflects the hospital's commitment to serving its community, even in challenging circumstances.

## **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 entity is to provide efficient and high-quality health care system that is accessible, equitable, and affordable for every resident of Turkana County. Further it is mandated to promote and participate in provision of integrated and high quality promotive, preventive, curative, and rehabilitative health care services to every resident of Turkana County. It also formulates policies, set standards, provide health services, create and enabling environment and regulate the provision of health service delivery.

The entity's principal activity is providing specialized medical care for patients referred by other healthcare providers, offering secondary and tertiary care services such as diagnostic testing and advanced, offering training programs for medical professionals, and Providing care for patients with complex or severe medical conditions that require specialist expertise.

### **Results**

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 8.

### **Board of Management**

The members of the Board who served during the year are shown on page vi. During the year, one director resigned, and no director (s) was appointed with effect from 19<sup>th</sup> November 2021.

### **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.

By Order of the Board



.....  
**Name: Dr. Joseph Epem**

**Secretary to the Board**

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

Section 166 of the Public Finance Management Act, 2012 require the Directors to prepare quarterly financial statements in respect of that *Lodwar County Referral Hospital*, which give a true and fair view of the state of affairs of the *Lodwar County Referral Hospital* at the end of the period and the operating results of the *Lodwar County Referral Hospital* for that period. The Directors are also required to ensure that the *Lodwar County Referral Hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Lodwar County Referral Hospital*. The Directors are also responsible for safeguarding the assets of the *Lodwar County Referral Hospital*.


The Board of Directors is responsible for the preparation and presentation of the *Lodwar County Referral Hospital's* financial statements, which give a true and fair view of the state of affairs of the *Lodwar County Referral Hospital* for and as at the end of the period ended on 30<sup>th</sup> June 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 *Lodwar County Referral Hospital*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Lodwar County Referral Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

Nothing has come to the attention of the Board of Directors to indicate that the *Lodwar County Referral Hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

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

  
.....

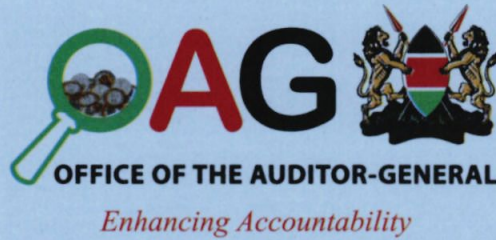
Name: Moses Achok  
Chairperson  
Board of Directors

  
.....

Name: Dr. Joseph Epem  
Accounting Officer

# REPUBLIC OF KENYA

Phone: +254-(20) 3214000  
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 LODWAR COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF TURKANA**

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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 Lodwar County Referral Hospital – County Government of Turkana set out on pages 1 to 62 which comprise of the

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*Report of the Auditor-General on Lodwar County Referral Hospital for the year ended 30 June, 2024 – County Government of Turkana*

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, the financial position of the Lodwar County Referral Hospital as 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 Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

The statement of financial performance reflects Kshs.754,786,790, Kshs.731,570,360 and Kshs.23,216,430 in respect of total revenue, total Expenses and net surplus for the year which differs with the amounts in the statement of comparison of budget and actual amounts for the year which reflects Kshs.748,325,288, Kshs.723,530,757 and Kshs.24,794,532 respectively in respect of the same items. The difference in the two statements have not been reconciled contrary to the requirements of the reporting template which provides that where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in basis of accounting, a reconciliation on the same should be provided.

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

#### **2. Inaccuracy of Employee Costs**

The statement of financial performance as disclosed in Note 7 to the financial statements reflects in-kind contributions from County Government for salaries and wages costs of Kshs.333,776,387 with a prior year comparative amount of Kshs.420,136,211. However, the Management has not explained the decrease in salaries and wages amounting to Kshs.86,359,824 during the year under review.

In the circumstances, the accuracy of in-kind contribution from County Government for salaries and wages costs of Kshs.333,776,387 for the year ended 30 June, 2024 could not be confirmed.

#### **3. Unsupported Transfers from National Hospital Insurance Fund (NHIF)**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects transfers from other government entities of Kshs.94,389,967 which

includes transfer from National Hospital Insurance Fund (NHIF) of Kshs.79,506,285. Review of the records revealed that the Hospital received various funds from NHIF in the form of capitation, claims and Universal Health Care (UHC). However, the Management did not provide a reconciliation between claims made and funds received arising from the claims and the outstanding amounts for all the categories.

In the circumstances, the accuracy and completeness of transfers from NHIF could not be confirmed.

#### **4. Undisclosed Property, Plant and Equipment and Unsupported Depreciation Policy**

The statement of financial position reflects Kshs.18,146,271 in respect of property, plant and equipment and as disclosed in Note 31 to the financial statements. However as previously stated, observation and review of records revealed that the Hospital owned various classes of assets including land, buildings and civil works and motor vehicles that management has not disclosed in the financial statements and their respective values. Further, the indicated accumulated depreciation amount of Kshs.8,764,854 charged on the Hospital's property, plant and equipment was not supported with a depreciation policy defining the method and rate used.

As disclosed earlier, the Hospital's assets register was incomplete as it did not have details of; all the Hospital assets, date of purchases, location and depreciation charges, it also lacked unique identification marks or tags numbers as applicable and the Management did not provide ownership documents for the parcels of land on which the Hospital is located for audit.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance for the year under review could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Lodwar County Referral 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 budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.768,760,250 and Kshs.748,325,288 respectively resulting to an under-funding of Kshs.20,434,962 or 3% of the budget. Similarly, the Hospital spent an amount of Kshs.723,530,757 against actual receipts of Kshs.748,325,288 resulting to an under-utilization of Kshs.24,794,532 or 3%.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional 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 Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised. Although, Management has indicated that some of the issues have been resolved under progress on follow up of auditor's recommendation section of the financial statements, audit revealed that the matters had not been resolved.

### **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, Report of Chief Chairman, Report of medical superintendent, Statement of performance against agreed objectives, Corporate Governance Statement, Management discussion and analysis and Statement of Board of Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's 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 USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables of Kshs.24,792,320 as disclosed in Note 34 of the financial statements which have been outstanding for more than one year. No explanation was provided as to why the payables did not form the first charge in the current year's budget.

In the circumstances, failure to settle the accounts payable of Kshs.24,792,320 during the year to which they relate to affects implementation of subsequent year's budget programme as the accounts payable form a first charge on that year's budget provision.

### **2. Property, Plant and Equipment**

#### **2.1 Unutilized Managed Medical Equipment**

The Hospital has Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. However, physical verification in the month of November, 2024 revealed that the contracts between maintenance service providers and the Ministry had expired. Therefore, the CT scan machine was not functioning as it had not been serviced as at 10 November, 2024.

In the circumstances, value for money in respect of Managed Equipment Services (MES) equipment could not be confirmed.

#### **2.3. Grounded, Obsolete and Unserviceable Items**

The statement of financial position reflects Kshs.18,146,271 in respect of property, plant and equipment held by Lodwar County Referral Level 4 Hospital. As disclosed in Note 31 to the financial statements, this balance includes furniture, ICT and plant and medical equipment held by the Hospital. Audit inspection at the Hospital established existence of a large number of grounded, obsolete and unserviceable items including motor vehicles, generators and other medical equipment that continue to degrade as a result of continued exposure to elements of the weather.

In the circumstances, the effectiveness in use and management of public resources could not be confirmed.

### **3. Lack of Authorized Staff Establishment**

Review of the Hospital's records revealed that the Hospital operated without an authorized staff establishment which should be aligned with the approved organogram for the Hospital and there were no structures to manage staffing, posting, training, skill retention, and succession plans.

Further, the Hospital does not maintain proper monthly Compliment data and payrolls of the officers deployed by the Ministry of Health and Sanitation to work at the Hospital. The complete listing of officers seconded to work at the Hospital was not provided for audit.

*Report of the Auditor-General on Lodwar County Referral Hospital for the year ended 30 June, 2024 – County Government of Turkana*

In the circumstances, it was not possible to establish the accurate number of staff working at the Hospital and the criteria used by the Board in filling positions in the various job groups within the various functions of the Hospital.

#### 4. Failure to Meet Level 4 Hospital Requirements

Physical verification of medical equipment available at the facility revealed the following shortfalls against what was required as per the Kenya Quality Model for Health of a level 4 facility.

Item	Level 4 Standard	Number in Hospital	Shortage
<b>Medical Staff</b>			
Medical officers	16	18	+2
Radiologists	2	1	-1
Kenya Registered Community Health nurses	75	80	+5
<b>Medical Equipment</b>			
Baby Cots	5	4	-1
ICU Beds	6	4	-2
HDU Beds	6	3	-3

The deficiencies especially on the medical equipment contravene First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. Where there are excess staff the Management should consider redeployment to other county hospitals with deficit in medical staff.

In the circumstances, the Hospital may not deliver on its mandate.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

##### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Lack of Internal Audit Unit**

During the year ended 30 June, 2024 Lodwar County Referral Hospital had not established an internal audit function with a substantive internal auditor as required by the law and as per the approved organogram. This is contrary to regulation 153(1) of the Public Finance Management (County Government) Regulation, 2015 which provides that internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities, give reasonable assurance through audit committee on state of risk management, control and governance and review effectiveness of the financial and non-financial performance management systems of the entities.

In the absence of an independent internal audit function and a substantive internal Auditor, the development of effective internal controls could not be confirmed.

### **2. Lack of Internal Audit Committee**

During the year ended 30 June 2024, Lodwar County Referral Hospital did not have an Audit Committee in place which is required to monitor the entity governance process, accountability process and control systems of the entity and offering objective advice on issues concerning risk, control, regulatory requirement and governance of the Hospital. Further, the Hospital's approved organogram was not updated to include the functional reporting to the Audit Committee by the Head of the Internal Audit Function and administratively to the Accounting Officer.

In the circumstances, the effectiveness of internal audit committee could not be confirmed.

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

## **Responsibilities of Management and Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to close the Hospital or 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 Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

30 December, 2024

*Lodwar County Referral Hospital (Turkana 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**

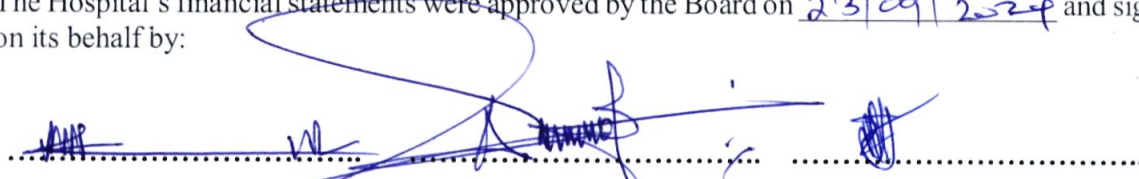
Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	231,000,000	16,000,000.00
In-kind contributions from the County Government	7	357,805,345	662,375,087.00
Grants from donors and development partners	8	55,220,538	113,000.00
Transfers from other Government entities	9	94,389,967	87,247,068.00
Public contributions and donations	10	-	-
		<b>738,415,851</b>	<b>765,735,155</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	16,370,939	33,950
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		16,370,939	33,950
<b>Total revenue</b>		<b>754,786,790</b>	<b>765,769,105</b>
<b>Expenses</b>			
Medical/Clinical costs	15	194,786,414	238,597,016
Employee costs	16	350,256,808	429,650,403
Board of Management Expenses	17	1,671,000	2,627,637
Depreciation and amortization expense	18	8,039,604	725,250
Repairs and maintenance	19	40,568,153	11,591,607
Grants and subsidies	20	-	-
General expenses	21	136,248,382	55,790,876
Finance costs	22	-	-
<b>Total expenses</b>		<b>731,570,360</b>	<b>738,982,789</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>23,216,430</b>	<b>26,786,316</b>

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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(The notes set out on pages 10 to 36 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 23/09/2024 and signed on its behalf by:



**Chairman**

**Head of Finance**

**Medical Superintendent**

**Board of Management**

**ICPAK No: 19957**

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2024**




Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	5,582,968	13,973,461
Receivables from exchange transactions	28	20,434,962	12,463,463
Receivables from non-exchange transactions	29	-	
Inventories	30	30,777,576	-
<b>Total Current Assets</b>		<b>56,795,506</b>	<b>26,436,924</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	18,146,271	2,464,250
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-current Assets</b>		<b>18,146,271</b>	<b>2,464,250</b>
<b>Total assets (A)</b>		<b>74,941,777</b>	<b>28,901,174</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	24,792,320	1,968,148
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
<b>Total Current Liabilities</b>		<b>24,792,320</b>	<b>1,968,148</b>
<b>Non-current liabilities</b>			
Provisions	36	-	-

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession Arrangements	40	-	-
Social Benefits	41	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>24,792,320</b>	<b>1,968,148</b>
<b>Net assets (A-B)</b>		<b>50,149,457</b>	<b>26,933,027</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		50,149,457	26,933,027
Capital Fund		-	-
		<b>50,149,457</b>	<b>26,933,027</b>
<b>Net Assets</b>		<b>50,149,457</b>	<b>26,933,027</b>

(The notes set out on pages 36 to 47 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 23/09/2024 and signed on its behalf by:

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

**Head of Finance**  
**ICPAK No: 17957**

**Medical Superintendent**

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

<b>Description</b>	<b>Revaluati on reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capit al Fund</b>	<b>Total</b>
<b>As at July 1, 2022 (previous year)</b>	-	<b>146,710</b>	-	<b>146,710</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	26,786,317	-	<b>26,786,317</b>
Capital/Development grants	-	-	-	-
<b>As at June 30, 2023 (previous year)</b>	-	<b>26,933,027</b>	-	<b>26,933,027</b>
				-
<b>At July 1, 2023 (current year)</b>	-	<b>26,933,027</b>	-	<b>26,933,027</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	23,216,430	-	<b>26,023,411</b>
Capital/Development grants	-	-	-	-
<b>At June 30, 2024 (current year)</b>	-	<b>50,149,457</b>	-	<b>52,956,438</b>

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		231,000,000	16,000,000
Grants from donors and development partners		-	113,000
Transfers from other Government entities		73,955,005	74,783,605
Public contributions and donations		-	-
Rendering of services- Medical Service Income		16,370,939	33,950
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>321,325,944</b>	<b>90,930,555</b>
<b>Payments</b>			
Medical/Clinical costs		128,026,856	14,108,528
Employee costs		16,480,420	9,514,191
Board of Management Expenses		1,671,000	2,627,637
Repairs and maintenance		40,568,153	11,591,607
Grants and subsidies		-	-
General expenses		119,248,382	36,072,341
Finance costs		-	-
Refunds paid out		-	-

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

<b>Total Payments</b>		<b>305,994,812</b>	<b>73,914,304</b>
<b>Net cash flows from operating activities</b>	42	<b>15,331,132</b>	<b>17,016,251</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(23,721,625)	(3,189,500)
Purchase of intangible assets		-	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	(-)
<b>Net cash flows used in investing activities</b>		<b>(23,721,625)</b>	<b>(3,189,500)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(-)
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8,390,493)</b>	<b>13,826,751</b>
Cash and cash equivalents as at 1 July	27	13,973,461	146,710
<b>Cash and cash equivalents as at 30 June</b>	27	<b>5,582,968</b>	<b>13,973,461</b>

**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	231,000,000	0	231,000,000	231,000,000	-	100%
Grants from donors and development partners	55,220,538	0	55,220,538	55,220,538	-	0%
Transfers from other Government entities	94,389,967	0	94,389,967	73,955,005	20,434,962	78%
Public contributions and donations	-	0	-	-	-	0%
Rendering of services- Medical Service Income	16,370,939	0	16,370,939	16,370,939	-	100%
Revenue from rent of facilities	-	0	-	-	-	0%
Finance / interest income	-	0	-	-	-	0%
Miscellaneous receipts (In kind Contribution from the County Government)	357,805,345	0	357,805,345	357,805,345	-	0%
Opening Balance	13,973,461		13,973,461	13,973,461	-	
<b>Total income</b>	<b>768,760,250</b>	<b>-</b>	<b>768,760,250</b>	<b>748,325,288</b>	<b>20,434,962</b>	<b>%</b>
<b>Expenses</b>						
Medical/Clinical costs	210,720,538	-	210,720,538	194,786,414	15,934,125	92%
Employee costs	363,805,344		363,805,344	350,256,808	13,548,536	96%
Remuneration of directors	2,000,000		2,000,000	1,671,000	329,000	84%

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Repairs and maintenance	43,440,000	-	43,440,000	40,568,153	2,871,847	93%
Grants and subsidies						
General expenses	148,794,368		148,794,368	136,248,382	12,545,986	92%
Finance costs	-	0	-		-	0%
<b>Total Expenses</b>	<b>768,760,250</b>	<b>-</b>	<b>768,760,250</b>	<b>723,530,757</b>	<b>45,229,494</b>	
<b>Surplus for the period</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>24,794,532</b>	<b>(24,794,532)</b>	
<b>Capital expenditure</b>						%

**Budget notes**  
*Reconciliation for difference of Actual on comparable basis and Statement of performance*

<b>Total Revenue</b>	<b>Amount (Kshs)</b>
<b>Description</b>	
Total revenue per statement of financial performance	754,786,790
Add: Opening balance included in budget comparison	13,973,461
<b>Subtotal</b>	<b>768,760,251</b>
Less: Unrecognized revenue amount	-20,434,962
<b>Total revenue per statement of comparison</b>	<b>748,325,288</b>
<b>Total Expenses</b>	
Total expenses per statement of financial performance	731,570,360
Less: Depreciation (non-cash expense)	-8,039,604
<b>Total expenses per budget comparison</b>	<b>723,530,756</b>
Surplus for the period	24,794,532

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

### **1. General Information**

The principal activity/mission/ mandate of the hospital is to provide efficient and high-quality health care system that is accessible, equitable, and affordable for every resident of Turkana County. Further it is mandated to promote and participate in provision of integrated and high quality promotive, preventive, curative, and rehabilitative health care services to every resident of Turkana County. It also formulates policies, set standards, provide health services, create and enabling environment and regulate the provision of health service delivery.

The entity's principal activity is Providing specialized medical care for patients referred by other healthcare providers, offering secondary and tertiary care services such as diagnostic testing and advanced, offering training programs for medical professionals, and Providing care for patients with complex or severe medical conditions that require specialist expertise.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Lodwar County Referral Hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note (none). The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Lodwar County Referral Hospital*.

The financial statements have been prepared in accordance with the PFM Act, and *(include any other applicable legislation)*, 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><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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><i>Applicable 1<sup>st</sup> January 2025</i></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><i>Applicable 1<sup>st</sup> January 2025</i></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>

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Standard	Effective date and impact:
	<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>

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 or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2023/24 was approved by Board on 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, the *entity* recorded additional appropriations of *nil* on the FY 23/24 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 **8** 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.

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 26*.

**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)*

ii. **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 36. 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.

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	Insert Current FY	FY 2022/23
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	176,500,000	16,000,000
Level 4/5 grants	-	-
Unconditional development grants	54,500,000	-
Other grants ( <i>specify</i> )		-
	<b>231,000,000</b>	<b>16,000,000</b>
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>231,000,000</b>	<b>16,000,000</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Turkana County Government	231,000,000	-	-	-	-
<b>Total</b>	<b>231,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Salaries and wages	333,776,387	420,136,211
Medical supplies-Drawings Rights (KEMSA)		163,568,200
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	7,028,958	60,919,236
Fuel	1,500,000	-
Utility bills	15,500,000	17,751,440
<b>Total grants in kind</b>	<b>357,805,345</b>	<b>662,375,087</b>

8. Grants From Donors and Development Partners

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	113,000
Donations from KEMSA	47,424,565.23	-
Donations From MEDS	7,795,973.26	
Other grants ( <i>specify</i> )	-	
<b>Total grants from development partners</b>	<b>55,220,538.49</b>	<b>113,000</b>

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period FY 2022/23
	KShs	KShs	KShs	KShs	KShs
Strathmore University	-	-	-	-	113,000
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,000</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Transfer from County Government (Turkana Health Administrative Fund Account)	5,500,000.00	-
Transfer from National Health Insurance Fund	79,506,285	87,247,068
Transfer from other Insurance companies (Jubilee, Minet, MKL)	9,383,682.00	-
<b>Total Transfers</b>	<b>94,389,967.00</b>	<b>87,247,068</b>

**10. Public Contributions and Donations**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	<b>-</b>	<b>-</b>

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

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>-</b>	<b>-</b>
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	<b>-</b>	<b>-</b>

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	33,950
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income (FIF)	16,370,939	-
<b>Total revenue from the rendering of services</b>	<b>16,370,939</b>	<b>33,950</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

**12. Revenue From Rent of Facilities**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	<b>-</b>	<b>-</b>

**13. Finance /Interest Income**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
<b>Total Miscellaneous income</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Dental costs/ materials	-	0
Laboratory chemicals and reagents	15,014,474	165,552,550
Public health activities	-	0
Food and Ration		0
Uniform, clothing, and linen	813,774	0
Dressing and Non-Pharmaceuticals	15,145,084	69,564,712
Pharmaceutical supplies	152,343,055	3,010,860
Health information stationery	3,814,397	0
Reproductive health materials	-	0
Sanitary and cleansing Materials	3,585,317	468,894
Purchase of Medical gases	1,015,596	0
X-Ray/Radiology supplies	-	0
Other medical related clinical costs ( <i>specify</i> )	3,054,716	0
<b>Total medical/ clinical costs</b>	<b>194,786,414</b>	<b>238,597,016</b>

16. Employee Costs

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Salaries, wages, and allowances	354,506,619	393,876,788
Contributions to pension schemes	-	35,773,615
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	260,250	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>354,766,869</b>	<b>429,650,403</b>

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

**17. Board of Management Expenses**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	665,000	1,446,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	581,083
Travel and accommodation allowance	1,006,000	600,554
Airtime allowances	-	-
<b>Total</b>	<b>1,671,000</b>	<b>2,627,637</b>

**18. Depreciation and Amortization Expense**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Property, plant and equipment	8,039,604	725,250
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>8,039,604</b>	<b>725,250</b>

**19. Repairs And Maintenance**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Property- Buildings	31,575,064	8,685,351
Medical equipment	3,870,516	981,000
Electrical Expenses	-	-
Office equipment	-	385,000
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	5,122,573	1,540,256
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>40,568,153</b>	<b>11,591,607</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	<b>-</b>	<b>-</b>

21. General Expenses

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Advertising and publicity expenses	605,874	198,100
Catering expenses		224,000
Waste management expenses	164,640	-
Insecticides and rodenticides	528,724.00	-
Audit fees		-
Bank charges	84,990	30,816
Conferences and delegations	9,169,682	-
Consultancy fees	913,250	580,100
Contracted services	1,588,450	2,433,200
Electricity expenses	23,528,733	17,751,440
Fuel and Lubricants	11,451,424	5,766,691
Insurance		16,000
Taxes	4,128,148	676,110
Research and development expenses		-
Travel and accommodation allowance	26,025,598	2,583,426

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Legal expenses		588,210
Licenses and permits		9,450
Courier and postal services		1,035,230
Printing and stationery	3,618,426	588,210
Hire charges		401,780
Rent expenses		-
Water and sewerage costs	464,353	359,540
Computer and Accessories	333,104	
Skills development levies		-
Food and Rations	51,537,281	36,000
Telephone and mobile phone services	36,000	49,000
Internet expenses		-
Staff training and development		271,640
Subscriptions to professional bodies		-
Subscriptions to newspapers periodical, magazines, and gazette notices, Library books/materials		-
Purchase of Furniture	1,178,208	-
Parking charges		-
Office Equipment	871,303	391,760
Refund	20,193	
Referral		22,388,383
<b>Total General Expenses</b>	<b>136,248,382</b>	<b>55,790,876</b>

22. Finance Costs

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

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

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

24. Unrealized Gain On Fair Value Investments

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	<b>-</b>	<b>-</b>

26. Impairment Loss

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	<b>-</b>	<b>-</b>

27. Cash And Cash Equivalents

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Current accounts	1,959,616	13,972,409
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	3,623,352	1,052
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>5,582,968</b>	<b>13,973,461</b>

Notes to the Financial Statements (Continued)

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

Description		FY 2023/24	FY 2022/23
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
National Bankk	7700801259	1,959,616	13,972,409
		-	-
<b>Sub- total</b>		<b>1,959,616</b>	<b>13,972,409</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(specify)</b>			
cash in hand		3,623,352	1052
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>3,623,352</b>	<b>-</b>
<b>Grand total</b>		<b>5,582,968</b>	<b>13,973,461</b>

28. Receivables From Exchange Transactions

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>-</b>	<b>-</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**Analysis of Receivables From Exchange Transactions**

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (Outstanding claims from insurances)	20,434,962.00	12,463,463
Less: impairment allowance	-	-
<b>Total</b>	20,434,962.00	12,463,463

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

Description	FY 2023/24		FY 2022/23	
	Kshs		Kshs	
	FY 2023/24	% of the total	FY 2022/23	% of the total
Less than 1 year	20,434,962.00	%	<b>12,463,463</b>	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>20,434,962.00</b>	%	<b>12,463,463</b>	%

**30. Inventories**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Pharmaceutical supplies	30,777,576	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>30,777,576</b>	<b>-</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	1,622,000	-	1,567,500	-	3,189,500
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2023</b>	-	-	-	<b>1,622,000</b>	-	<b>1,567,500</b>	-	3,189,500
								-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	2,845,702	1,706,400	19,169,523	-	23,721,625
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	<b>4,467,702</b>	<b>1,706,400</b>	<b>20,737,023</b>	-	26,911,125
<b>Depreciation and impairment</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	202,750	-	522,500	-	725,250

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 June 2023</b>	-	-	-	<b>202,750</b>	-	<b>522,500</b>	-	725,250
At July 2023 (current year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	558,463	568,800	6,912,341	-	8,039,604
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	<b>761,213</b>	<b>568,800</b>	<b>7,434,841</b>	-	8,764,854
								-
<b>Net book values</b>								-
At 30 <sup>th</sup> Jun 2023 (previous)	-	-	-	1,419,250	-	1,045,000	-	2,464,250
At 30 <sup>th</sup> Jun 2024 (current)	-	-	-	3,706,489	1,137,600	13,302,182	-	18,146,271

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Notes to the Financial Statements (Continued)

**32. Intangible Assets-Software**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**33. Investment Property**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**34. Trade and other Payables**

Description	FY 2023/24		FY 2022/23	
	KShs		KShs	
Trade payables	24,792,320		1,761,650	
Employee dues	-		-	
Third-party payments ( <i>withholding VAT</i> )	-		206,498	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>24,792,320</b>		<b>1,968,148.15</b>	
<b>Ageing analysis:</b>	<b>FY 2023/24</b>	<b>% of the Total</b>	<b>FY 2022/23</b>	<b>% of the total</b>
Under one year	-	%	-	%
1-2 years	24,792,320		1,968,148	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>24,792,320</b>	<b>%</b>	<b>1,968,148</b>	<b>%</b>

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

Description	FY 2023/24		FY 2022/23	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>FY 2023/24</b>	<b>% of the Total</b>	<b>FY 2022/23</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**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>	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
<b>Total provisions</b>	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
<b>Total Provisions</b>	-	-	-	-

**37. Finance Lease Obligation**

Description	FY 2023/24	FY 2022/24
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**38. Deferred Income**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	FY 2023/24	FY 2022/23
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
<b>Balance at end of the period</b>	-	-

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

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Notes to the Financial Statements (Continued)

**40. Service Concession Arrangements**

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

**41. Social Benefits**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Surplus for the year before tax	23,216,430	26,786,317
<b>Adjusted for:</b>		
Depreciation	8,039,604	725,250
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(30,777,576)	-
Increase in receivables	(7,971,499)	(12,463,463)
Increase in deferred income	-	-
Increase in payables	22,824,172	1,968,148
Increase in payments received in advance		-
<b>Net cash flow from operating activities</b>	<b>15,331,132</b>	<b>17,016,251</b>

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

**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 (previous year)</b>				
Receivables from exchange transactions			-	-
Receivables from –non-exchange transactions	12,463,463	12,463,463	-	-
Bank balances	13,973,461	13,973,461	-	-
<b>Total</b>	<b>26,436,924</b>	<b>26,436,924</b>	-	-
<b>At 30 June 2024 (current year)</b>				
Receivables from exchange transactions			-	-
Receivables from –non-exchange transactions	20,434,962.00	20,434,962.00	-	-
Bank balances	5,582,968	5,582,968	-	-
<b>Total</b>	<b>26,017,930</b>	<b>26,017,930</b>	-	-

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the 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 from 0. 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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	-	-	1,968,148	1,968,148
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,968,148</b>	<b>1,968,148</b>
<b>At 30 June 2024</b>				
Trade payables	-	-	24,792,320	24,792,320
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>24,792,320</b>	<b>24,792,320</b>

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**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	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)	59,602,487	-	59,602,487
Liabilities			
Trade and other payables	24,792,320	-	24,792,320
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>34,810,167</b>	-	<b>34,810,167</b>

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.

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	26,436,924	-	26,436,924
Liabilities			
Trade and other payables	1,968,148	-	1,968,148
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>24,468,776</b>	-	<b>24,468,776</b>

**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 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**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 0 (2023: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2024 – KShs 0).

**iv) Capital Risk Management**

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

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	50,149,457	26,933,027
Capital reserve	-	-
<b>Total funds</b>	<b>50,149,457</b>	<b>26,933,027</b>
Total borrowings	-	-
Less: cash and bank balances	(5,582,968)	(13,973,461)
Net debt/ ( <i>excess cash and cash equivalents</i> )	5,582,968	13,973,461
<b>Gearing</b>	<b>898%</b>	<b>193%</b>

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.

0 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	FY 2023/24	FY 2022/23
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to 0	-	-
Sales of services to 0	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for 0 employees	-	-
Payments for goods and services for 0	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</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	FY 2023/24	FY 2022/23
	Kshs	Kshs
Court case 0 against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

**47. Capital Commitments**

Capital Commitments	FY 2023/24	FY 2022/23
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

***Lodwar County Referral Hospital (Turkana County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

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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 Turkana

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1. Undisclosed Property, Plant and Equipment	Management did not provide ownership documents for the parcels of land on which the Hospital is located for audit.	Turkana County is in the process of regularizing land ownership within the county. This process will pave way for registration and documentation of land under community, private and public land tenure systems. Although the hospital has no title deed, the facility holds a Part Development Plan (PDP), a crucial document in the process of acquiring a title deed	Not resolved	
2. Undisclosed Inventories	Management did not carry out stock take at the end of the financial year.	Since the Hospital management was made distinct from the Department of Health in the financial year 2023-2024 the hospital has been carrying out stock take at the end of each financial year	Resolved	
3. Unsupported Locum and Casual Expenses	review of personnel records revealed that the	The Hospital management Team (HMT) meets quarterly to report on		

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	recruitment of staff on locum and casuals were not supported by a needs assessment or requests from user departments.	the gaps in their specific sections due to employees leaving for reasons such as retirement, death, relocation, health issues or family responsibilities. The hospital headhunts the specific technical officers and engages them from time to time as the County Public Service Board recruit to fill the staffing gaps.		
4. Variances In Transfer from Other Entities	review of records from NHIF revealed that a disbursement of Kshs.30,773,565 was made to the Hospital resulting in an unreconciled variance of Kshs.56,473,503.	The actual receipts from NHIF during the year amounted to Kshs.74,783,605 with an outstanding balance of Kshs.12,463,463 reported as receivables in the statement of financial position and disclosed in note 29 to the financial statements		
5. Variances In Receivables from Exchange Transaction	Further, the amount of Kshs.4,744,860 has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates	The amount of Kshs.12,463,463 as reflected in the statement of financial position and note 29 to the Financial statements is the correct position of amount owed by NHIF as at 30 <sup>th</sup> June,2023. The hospital always receives payments		

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the period to pay genuine claims is within thirty (30) days of submission.	past the agreed upon 30 days claim period however the hospital management always makes follow up with NHIF for the unpaid balances.		
6. Non-Disclosure of Donated Drugs	distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.47,138,150 and Universal Health Coverage of Kshs.6,823,877 but were not disclosed in the financial statements	The hospital received grants from donors and development partners through KEMSA in the financial year 2022-2023 as indicated in the delivery notes/invoice from KEMSA. The hospital management will ensure that the donations are reported in the subsequent financial years.	resolved	
7. Irregularities In Hiring of Staff	the recruitment process was not competitive because the vacancies were not advertised contrary to Section 66 of the County	Despite budgeting for various positions, the County Public Service Board has not been successful in filling these positions in good time. In several occasions, the advertisements and		

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Government Act 2012 that requires County Government entities to invite applications through advertising when seeking recruitment.	re-advertisements were unresponsive		
8. Delays in remittance of Value Added Tax (VAT)	Included in the amount is Kshs.1,681,448 in respect of Value Added Tax withheld and not remitted to Kenya Revenue Authority. This was contrary to VAT Act which requires VAT withheld be submitted by 20 <sup>th</sup> of subsequent month.	The amount of Kshs.1,968,148 comprises of Kshs.206,498 and Kshs.1,761,650 payable to Kenya Revenue Authority and the merchants respectively. The current situation is that we use one pin and one itax account, that can only allow one user at a time. This automatically logs out other users thereby causing missed deadlines in filing returns	Not resolved	
10. Deficiencies in Implementation of Universal Health Coverage (UHC)	Hospital lacked the necessary equipment and machines in the Health Policy Guidelines	The current administration filled the gap in FY 2022-2023, by recruiting 10 medical officers. Two MOs were posted to sub county hospitals and Eight		

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		(8) medical officers together with four (4) consultants (1 general surgeon, 1 pediatrician, 1 obsygn, and 1 physician) were deployed to LCRH. Additionally, the hospital has also been engaging consultants on need basis whenever there are gaps. The hospital has progressively upgraded its equipment as it aspires to transition to level 5 status.		
11. Lack of Risk Management Policy, Strategic Plan and Disaster Recovery Plan	During the year under review, Management did not have in place a risk management policy	The management has complied with Regulation 158(1) of the Public Finance Management (County Government Regulations) 2015 by having in place a Risk Management Policy, Strategic Plan, and Disaster Recovery Plan	Resolved	
12. Lack of an Effective Information System for	Review of records revealed that the Hospital has not automated its processes to	The hospital management had just operationalized the fun soft system at the time of audit in April, 2024 and staff were	resolved	

**Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Efficient Operations	assist in billing, revenue collection, inventory management as well as accounting and reporting which are critical for efficient operations of the Hospital	undergoing training. The hospital has since transitioned from manual to automated system of billing, revenue collection, inventory management, accounting and reporting		
13. Lack of Internal Audit Function	The Management of the Hospital has not established an internal audit department and no evidence was provided to confirm that internal audit reviews were carried out during the year under review	Prior to establishing its independent governance mechanisms, the hospital was supported by the county government internal audit department. The hospital Board currently has an audit sub-committee as required by Section 155 (1) of the PFM Act, 2012. The county government audit directorate has also seconded an auditor to the county government hospitals, including LCRH to support the audit function		
14. Unutilized Medical Equipment	Some equipment including renal dialysis	The hospital has a biomedical engineering section	resolved	

**Lodwar County Referral Hospital (Turkana County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	equipment. Intensive Care Unit (ICU) equipment, X-ray and other imaging equipment were not functioning and held not been serviced as at 10 April 2024.	that does maintenance from time to time. Moreover, the hospital has a service framework agreement to supplement the internal capacity.		

**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**

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Proposed Beautification for the Administration and MCH parking wing at Lodwar County Referral Hospital	2,000,000	1,687,113	90%	20,000,000	1,874,570	TCG
2	Proposed Renovation works for mortuary at Lodwar County	3,000,000	2,699,460	90%	3,000,000	2,999,940	TCG

**Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

	Referral Hospital								
3	Proposed Completion and Extension of isolation theatre at Lodwar County Referral Hospital	7,000,000	3,757,455	54%	7,000,000	6,958,350	TCG		
4	Proposed Renovation of 5 No. wards at Lodwar County referral Hospital	4,000,000	3,562,515	90%	4,000,000	3,958,350	TCG		
5	Proposed construction of 1 No. 2 Door, 1 No. 4 Door, 1 No 6 Door of Pit Latrines and Urinals at Lodwar County Referral Hospital	3,500,000	3,141,270	90%	3,500,000	3,490,300	TCG		
6	Proposed Construction of placenta pit at Lodwar County Referral Hospital	1,000,000	996,400	100%	1,000,000	996,400	TCG		
7	Proposed Renovation works for sewerage and	4,000,000	3,999,950	100%	4,000,000	3,999,950	TCG		

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

8	drainage at Lodwar county referral Hospital Proposed Renovation works for TB Manyatta at Lodwar County Referral Hospital	5,000,000	4,500,000	90%	5,000,000	4,999,974	TCG
9	Proposed Construction works for washing and laundry areas at Lodwar County Referral Hospital	10,000,000	8,753,253	95%	10,000,000	9,213,950	TCG
10	Proposed renovation works for hospital premises and fence at Lodwar County Referral Hospital	1,579,610	1,579,610	100%	1,579,610	1,579,610	A-in-A

*Lodwar County Referral Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

Name of Transferring entity.....

Name of Beneficiary entity.....

<b>Confirmation of amounts received by Lodwar County Referral Hospital as at 30<sup>th</sup> June 2024</b>					
<b>Reference Number</b>	<b>Date Disbursed</b>	<b>Recurrent (A)</b>	<b>Development (B)</b>	<b>Total (C)=(A+B)</b>	<b>Remarks</b>
FT23324633S4	20-Nov-23	88,250,000		88,250,000	
FT23331R85X3	27-Nov-23		27,250,000	27,250,000	
FT240598YWHM	28-Feb-24	88,250,000		88,250,000	
FT241017BF3W	10-Apr-24		27,250,000	27,250,000	
<b>Total</b>		<b>176,500,0000</b>	<b>54,500,000</b>	<b>231,000,000</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name ..... Sign ..... Date.....

*Lodwar County Referral Hospital (Turkana County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**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		

*Lodwar County Hospital (Turkana County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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**Appendix V: Disaster Expenditure Reporting Template**

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