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ON

THIKA LEVEL 5 HOSPITAL

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

COUNTY GOVERNMENT OF KIAMBU



Revised 30th June 2024



**THIKA LEVEL 5 HOSPITAL
(Kiambu County Government)**

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
ENT-Ear Nose and Throat	
NBU-New Born Unit	
IMCI-Integrated Management of Childhood Illness	
MNCH-Maternal Newborn and Child Health	
ICU –Intensive Care Unit	
HMT-Heads of Management	
BOD-Board of Directors	
CPSB-County Public Service Board	

2. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

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

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

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

(c) Key Management

Thika Level 5 Hospital management is under the following key organs:

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

(d) Fiduciary Management

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

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

(e) Fiduciary Oversight Arrangements

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

1. Department of Health Accounts and Finance Unit
The unit provided general oversight of the hospital's financial commitments during the financial year.
2. Hospital Management Board finance and General Purposes Committee
This committee provided general guidance on the hospital's revenue targets, budgets and expenditure returns during the financial year.
3. Hospital Management Team
The team provided guidance on hospital financial needs and strategies for improved

and sustainable financial performance of the hospital.

4. Executive Expenditure Committee

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

5. Waiver /Exemption Committee

Review the Patients assessments which require the Patients to be Waived or Exempted to meet The Hospital Criteria for Waivers and Exemptions
Report on Monthly Waivers and Exemptions Granted

6. Revenue/Finance Committee

Monthly review of The Hospital Revenue Performance for both Cash and NHIF Revenues and Actions/strategies towards meeting The Annual Targeted Revenues per Revenue stream/Department and any Challenges facing the Departments that are not able to meet their targets

The Hospital Has no Risk Committee

Key Entity Information and Management (continued)

(f) Thika Level 5 Headquarters

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

(g) Thika Level 5 Contacts

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

(h) Entity Bankers

1. Kenya Commercial Bank

Thika Branch
KCB Building, Kenyatta Avenue
P.O. Box 271-01000 Thika, Kenya
Tel: 0672231669 /0723603623

2. Family Bank Kenya Thika Branch

Bony Kiumu Building, Uhuru street near post office junction
P.O. Box 354-01000 Thika. Kenya
Email: thika@familybank.co.ke

3. Co-operative Bank of Kenya Thika –Branch

Co-op Building, Kenyatta Avenue P.O.BOX 1815-01000
Thika, Kenya
Email: thikabr@co-opbank.co.ke

(i) Independent Auditors

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



(j) Principal Legal Adviser



The Attorney General
State Law Office

Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



(k) County Attorney
P.O. Box.2344 – 00900,
Kiambu

3. The Board of Management




Ref	Director	Details
1.	<p>Dr. Rajinder Kumar Mohindra</p> <ul style="list-style-type: none"> a) Bachelors in Medicine, and Surgery b) Masters in Medicine (Diagnostic Radiology) 	<p>Date of birth: 31st January 1963</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Consultant Radiologist at Thika District Hospital in 1992 to 2003 b) Diagnostic Imaging Clinic at Thika from 2005 – present. c) Founder and Chairman of Dawa Group (1994 – present) <p>Independent/Executive director Committee of the Member chairing:</p> <ul style="list-style-type: none"> a) Hospital Management Board Chairman
2.	<p>Prof. Patrick Karanja Ngugi</p> <ul style="list-style-type: none"> a) Ph.D. in Entrepreneurship (Leadership & Management) b) MSc Entrepreneurship (Leadership & Management) c) Bachelor of Business Administration (Finance Option) d) Higher Diploma in Electrical Engineering e) Diploma in Theology 	<p>Date of birth:</p> <p>Key qualifications and work experience:</p> <p>Jomo Kenyatta University of Agriculture and Technology Nairobi CBD Campus:</p> <ul style="list-style-type: none"> a) Campus Quality Assurance Officer (2017 – To Date) b) Senior Lecturer (SEPLM-EPD) - 2008-to date c) Thematic Leader in Entrepreneurship, Leadership and Management – 2016 to date d) Chair of Entrepreneurship, Procurement, Leadership and Management Department (2012-2016) <p>Independent/Executive director Committee of the Member chairing: Vice Chairperson of the Board/HMB Finance Committee Chairperson</p>

<p>3.</p>	<p>Rev. David Karethiu Wairimu</p> <ul style="list-style-type: none"> a) Masters in Development Studies(ongoing) b) Bachelor of Divinity c) Diploma in Theology 	<p>Date of birth:</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Founder and Overseer, Siloam Faith Church International - 2019 to Date b) Vicar/Arch Deacon-Kenyatta Road Parish, Anglican Church of Kenya 2017 – 2018 c) Administrative Secretary, Anglican Church of Kenya, 2012 – 2016 d) Vicar – Ruiru, Gakui and Juja Parish, Anglican Church of Kenya, 2006 – 2011 e) Evangelist, Anglican Church of Kenya, 1999 – 2003 <p>Independent/Executive director Committee of the Member chairing:Human resources Advisory Committee</p>
<p>4.</p>	<p>Caroline Mukuhi Mwangi</p> <ul style="list-style-type: none"> a) Bachelor of Commerce (Entrepreneurship and innovation) (ongoing) b) Certified Public Accountant Kenya c) Diploma in Human Resource Management 	<p>Date of birth: 21st June 1990</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Founder and CEO, Kimplanters Seedlings and Nurseries Ltd, 2013 to date b) Founder and Trustee, CarolKimplanter Foundation, 2021 to date <p><i>Konoike Construction Co. Ltd:</i></p> <ul style="list-style-type: none"> c) Administrator, April 2014 –July 2016 d) Senior Accountant, March 2013 – April 2014 e) Junior Administration and Accounts Clerk, February 2011 – March 2013 <p>Independent/Executive director Finance Committee Member</p>



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<p>5.</p>	<p>Caroline Mukami Kabuu</p> <ul style="list-style-type: none"> a) Diploma in Guidance and Counseling b) Diploma in Business Management c) Diploma in Hospitality 	<p>Date of birth: November 1983</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Managing Director, Kabuu Investments <p>Independent/Executive director</p> <p>Committee of the Member chairing: Quality Assurance Committee</p>
<p>6.</p>	<p>Dr. Charles Kabiru-Medical Superintendent</p> 	<p>Date of birth: January 1983</p> <p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> ➤ Bachelors of Pharmacy ➤ Masters in Pharm- Oncology <p>Secretary to the Board</p> <p>Committee of the Member chairing: Not a member of ICPSK</p>

4. Key Management Team


Ref	Management	RESPONSIBILITY
1	<p>Dr. Charles Kabiru-Medical Superintendent</p>  <ul style="list-style-type: none"> ➤ Bachelors of Pharmacy ➤ Masters in Pharm- Oncology 	<ul style="list-style-type: none"> ➤ Administrative control of all the Departments within the hospital ➤ Responsible for application and implementation of hospital policies ➤ To support and provide leadership in improving patient care programs and development of programs for the staff. ➤ To promote the most efficient use of available health services and facilities
2	<p>Susan Muthoni Gatei-Hospital Administrative Officer</p>  <ul style="list-style-type: none"> ➤ Bachelors of Commerce (HR Option 	<ul style="list-style-type: none"> ➤ In charge of Staff and Patient Welfare ➤ Ensuring Patient and Staff work in a secure Environment ➤ Management of Health Support services i.e Patient transfers, coordinates all Transport services of the Hospital ➤ Coordination and Management of all Trainings ➤ General Upkeep of the Hospital
3	<p>Mrs Anastacia Nyaguthii Ndegwa</p>  <ul style="list-style-type: none"> ➤ Bachelors of Science in Nursing 	<ul style="list-style-type: none"> ➤ Work together with the head of clinical services to ensure safe and effective clinical practice, Quality Nursing care to all patients, Exceptional customer service, Revenue growth and cost control, manage & develop the performance of the team and achieve hospital objectives.



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		<ul style="list-style-type: none"> ➤ Supervising and ensuring delivery of a professional and high standard of nursing care within the hospital while leading a team of nurses and patient attendants in delivering individual and team targets. ➤ Monitor and ensure clients satisfaction and proactively manage their complaints as they arise.
4	<p>Dr. Hellen Mwangeli- Pharmacy Services Manager</p>  <ul style="list-style-type: none"> ➤ Bachelors of Pharmacy 	<ul style="list-style-type: none"> ➤ Pharmaceuticals commodities management ➤ Human Resource Management within the Department ➤ Operationalization/coordination of pharmaceuticals services ➤ Administration link/Liason with Hospital and County Management ➤ Training and Mentorship of students and Interns
5	<p>Mrs. Josephine Nyambura- Accounts & Finance Manager</p>  <ul style="list-style-type: none"> ➤ Bachelors of Commerce (Finance Option) ➤ Certified Public Accountants (CPA K) ➤ MSC(Finance) ongoing 	<ul style="list-style-type: none"> ➤ Responsible for managing and maintaining accurate financial records of the Hospital ➤ To ensure compliance, check all Patient transactions, reconcile and Prepare Revenue Reports ➤ provide valuable insights and analysis through financial reporting of The Hospitals areas of strength and those that need improvement. Thus, it gives a snapshot of the organisation's health. ➤ Preparing and managing budgets, forecasting future financial performance, and identifying areas for cost savings. ➤ Communicating with clients, colleagues, and management to provide



		financial information, answer questions, and provide guidance on financial matters
6	<p>Mrs. Josephine Wambui Kamau- Procurement & Supply Chain Manager</p>  <ul style="list-style-type: none"> ➤ Bachelors in Commerce(supply chain) 	<ul style="list-style-type: none"> ➤ Overseeing and supervising employees and all activities of the procurement department. ➤ Preparing plans for the purchase of equipment, services, and supplies. ➤ Following and enforcing the Hospitals/County /national procurement policies and procedures. ➤ Reviewing, comparing, analyzing, and approving products and services to be purchased. ➤ Managing inventories and maintaining accurate purchase and pricing records.
7	<p>Onesmus Musyoka- Clinical Officer in-charge</p>  <ul style="list-style-type: none"> ➤ Bsc CM ➤ MScHSM 	<ul style="list-style-type: none"> ➤ Ensure that all patients are appropriately examined, diagnosed and treated by adhering to the MOH guidelines. ➤ Also ensuring that all patients are adequately reviewed in OPD and referring or admitting where appropriate to a specialist or the wards. ➤ Review patient files to ensure documentation (clear history taking, physical examination findings, investigations and management) to ensure quality of services rendered and adherence to SOPs. ➤ Lead in management of relationships with clients and patients' families to ensure adequate communication and inclusive management of patients. ➤ preparing medical reports on patients as required while ensuring that the company interests are covered.

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		<ul style="list-style-type: none"> ➤ Ensure that all COs maintain good work ethics/good customer relations are upheld when dealing with patients, relatives and employees
8	<p>Elizabeth Wamuyu Ikua- Laboratory Manager</p>  <ul style="list-style-type: none"> ➤ Bachelor of science in medical laboratory science. 	<ul style="list-style-type: none"> ➤ Provides medical laboratory diagnostic and therapeutic information, products, and services. ➤ Adheres to specimen preparation procedures. ➤ Implements new programs, tests, methods, and instrumentation. ➤ Establishes quality standards to maintain medical laboratory equipment performance. ➤ Maintains medical laboratory productivity by monitoring the workload of functional areas. ➤ Achieves quality results by participating in the hospital quality assurance program.

<p>9</p>	<p>Catherine Adema- Radiology Unit In-charge</p>  <ul style="list-style-type: none"> ➤ Bachelors in Radiography ➤ Diploma in Radiography ➤ Higher Diploma in Ultrasound 	<ul style="list-style-type: none"> ➤ Advising management on radiographic advancements and changes ➤ Monitoring continuous radiation checks ➤ Operating CT scan and or X-ray equipment to capture diagnostic images of patients' internal organs and tissues. ➤ Correlating medical image findings with other exams and tests. ➤ Recommending further appropriate exams or treatments when necessary and conferring with referring physicians. ➤ Directing radiologic technologists (personnel who operate the equipment) in the proper performance of quality exams.
<p>10</p>	<p>Dr. Waweru - Dental Unit In-charge</p>  <ul style="list-style-type: none"> ➤ Bachelor of Dental Science ➤ Masters in Oral and Maxillofacial surgery 	<ul style="list-style-type: none"> ➤ Coordinating dental services with other health care professionals, such as dentists, hygienists, and dental assistants ➤ Educating patients about oral health care and disease prevention methods, such as flossing or brushing teeth regularly

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11	<p>Dr. Mwea Macharia- Surgery Unit In-charge</p>  <ul style="list-style-type: none"> ➤ Bachelor of Medicine & Surgery ➤ Masters In Surgery 	<ul style="list-style-type: none"> ➤ Execute surgical techniques and procedures ➤ Provide consistent, high-quality patient care ➤ Oversee the day-to-day operations of the surgical department ➤ Work with a team of doctors and medical staff to devise and implement new approaches to patient care ➤ Develop and oversee the implementation of quality assurance/improvement processes ➤ Manage patient flow, staffing, and scheduling ➤ Adhere to legal regulations, professional standards, and other requirements
12	<p>Dr. David Mbogo- Internal Medicine</p>  <ul style="list-style-type: none"> ➤ Bachelors of Medicine ➤ Masters in Internal Medicine 	<ul style="list-style-type: none"> ➤ Provide comprehensive medical care to adult patients ➤ Perform physical examinations, diagnose and treat illnesses ➤ Prescribe and administer medications and therapies ➤ Order and interpret laboratory tests and imaging studies ➤ Advise patients on preventative healthcare and lifestyle choices ➤ Refer patients to specialists as necessary ➤ Keep accurate and detailed patient records

5. Chairman's Statement

Following the enactment in law of the Kiambu County Health Services Bill 2019, a County and a Sub-County Hospital shall be governed by a Board appointed by the Executive Member and approved by the Governor. I take this auspicious moment to thank the Governor for the appointment to serve in Thika Level Five Hospital Board, and in extension being voted in as the Chairman of the Board of Management, by colleague nominees, sums up the confidence the board members have in my leadership within and in extension out of the hospital periphery following the gazette order by the CECEM-HS on 16th April 2021 This being the third year in service running 2023-2024 below are the highlights on various engagements, accomplishments, challenges and recommendation's: -

ACHIEVEMENTS

- ✓ We have managed to do a SWOT analysis for the Health system for Thika level 5 hospital. Outlining strengths, weaknesses, opportunities and Threats being a guiding principle to the HMT/BOD on area of action and improvement.
- ✓ We have managed to hold joint consultative meeting with the county public service board CPSB, HMT and BOD in an aim of breaking loose the staffing bottle neck which yielded to new postings in the hospital while we look forward to 50 more to achieve a standard balance.
- ✓ We managed to hold joint NHIF, HMT & BOD meeting seeking assistant and training of staff by NHIF this has yielded timely booking of claims and reconciliations thus increased revenue timely payment and capitations boosting service delivery and quality health care.
- ✓ Within the year we have had public private partnerships;
- ✓ Donations of, assorted drugs from DAWA group courtesy of the Group MD and Chairman.
- ✓ Discussions are ongoing with Thika cancer care to expand the cancer section and equipment plus renovate one dilapidated male ward back to proper usable state.

CHALLENGES

- ✓ Revenue Sharing Ratio {FIF}
 - Retention 20%
 - Public Health utilization 80%
- ✓ FIF account, BOD representation on operationalization, expenditure and utility approval guidelines in the hospital on attritions, retirement and resignations with non-replacement in spite of the ratio to patient going lower by day.
- ✓ Utilization of casual on revenue streams lacking absolute level of answerability.
- ✓ Weighty Pending bills mainly from the previous managements and governments.
- ✓ Delay in disbursement of refund to the hospital from the county government arm of public health.

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- ✓ Delay in supply of essential, drugs and surgical items.
- ✓ Non computerization of revenue collection points on most of the streams leading to loss of revenue, through undocumented patients or delayed claims of treatments upon discharge for patients under NHIF scheme.

RECOMMENDATIONS

The Board highlights the listed Recommendations

1. Review of the FIF revenue sharing formulae in consultation with the BOD. {5:95 Ratio} It's evident that revenue generated is used as a revolving fund on recurrent expenditure, i.e. Operation's and supplies to the hospital with a retention of 20% pending bills pile up with no development.
2. Revisit the replacement with permanent employees of the county or confirmation of the acting
3. Structure a settlement plan on the huge pending bills
4. Re-look into having the Conditional grants from National Government to be put into healthcare development for the hospital to incur cap ex' on an improvement project.
5. Timely disbursement of funds, drugs and assorted commodities.
6. Timely payment of the suppliers to avoid complains and loss of revenue by patients choosing other hospitals from TL5H
7. Computerizations of systems and training of staff on the all systems aiming at going paperless
8. Medsupt/Administrator/Accountant engage NHIF and work on a claims real time disbursements for quality health service through timely capitations also.



.....
Dr Raju Mohindra
Chairman to the Board

6. Report of The Medical Superintendent

I have now been the Hospital CEO for the last 2 months having reported in Mid- May 2024. Having come to an end of a financial year, 2023-2024 we can now reflect on our successes and challenges to enable us focus on the way forward. 2023-2024 financial year was a better year even if the hospital was still recovering from the challenges experienced the previous financial year due to challenges brought about by Covid-19 pandemic which strained the hospital resources in a very significant way.

i. Infrastructure

We did not manage to do much in terms of infrastructure improvement especially due to competing needs of hospital supplies. However, we managed to successfully start the Operation of the Thika Level 5 Cancer Care Department in collaboration with Penta flowers who donated a CHEMOTHERAPY MACHINE so that the Hospital Starts Chemotherapy services

ii. Revenue Collection and Allocation.

The facility managed to collect Ksh. 510.6m Million from July 2023 to June 2024. and utilized the same by 30th June 2024. A large part of our debts which currently stands at Ksh.708 million.

iii. Supply of Pharmaceutical and Non- Pharmaceutical Commodities

There has been an adequate supply of pharmaceuticals and non-pharmaceutical commodities for the last quarter of the financial year especially due to centralization of the procurement at the county. The hospital has been issuing monthly departmental requisitions which are guided by the hospital budget and procurement plan.

iv. Human Resource

Human resource remains a challenge in all the departments over the years. This has continued impacting our service delivery negatively. We have a long way to go into meeting the WHO recommendations. The hospital board and HMT has continuously engaged with County Public Service Board and an agreement was reached to at least employ to cover for natural attrition, however this has not been done yet. The hospital has attempted to fill the gap by employing casuals and currently we have 123 Hospital casuals in different departments.

We were posted for a Human resource Office for the first time ever who is coordinating all Human resources issues.

v. Health Management Information System

Health Management Information System (HMIS) plays a vital role in patient care and data capturing which enables evidence based decision making. The hospital is still not fully paperless as some units are still missing computers and some existing computers broke

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down. A total of 10 computer units were added to Pharmacy and Outpatient Service Centers enable expansion of paperless services in the OPD with a plan to eventually cover the whole hospital.

vi. Leadership and Governance

With inauguration of hospital board, we have managed to achieve a lot in terms of infrastructure and collaboration with other partners. There has been continuous support and supervision from the county health management team, stakeholder forums, hospital board and the facility health management team.

On job trainings, mentorship and career growth and development has been ongoing. This being a training facility, we have a large number of workers on further training in various institutions across the country and we continue to receive many students on training.

vii. Public Private Partnerships

In 2023/2024 financial year, we collaborated with various partners in terms of training, commodity management, human resource, research and training. We received equipment like wheel chairs, patient monitor, Pharmaceutical and non-pharmaceutical products courtesy of our hospital members. We also were donated for over 500 trees by the Horticultural society of Kenya and Equity bank to help us green the facility.

Our collaboration with partners like Shah Community, Partners in prevention, Penta flowers, Equity, Mt Kenya University, and University of Nairobi among many others has greatly benefited us during this time and is still continuous.

viii. Going Forward

In the financial year 2023/2024 we plan to invest in areas like hospital infrastructure in terms of renovations of ward 4 and old maternity wing, come up with trauma center and start sourcing funds for it, planning to install CCTV Cameras and Intercoms to improve communication in the hospital.

We also plan to increase own source revenue to Kshs.50 million per month by incorporating new service charges otherwise not previously charged as per the county hospital charges regulations, sealing of loop holes in cash collections, NHIF /SHIF enrolment campaigns to our patients and ensuring no stock outs. We also plan to increase NHIF enrollment for pregnant women instead of them using Linda mama which will improve our revenue in maternity.

ix. Appreciation

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



.....
Dr Charles Kabiru
Secretary to the Board

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7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the Hospital’s performance against predetermined objectives. The Hospital has 6 strategic pillars and objectives within the current Strategic Plan for the FY 2023-2024

These strategic pillars are as follows;

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

The hospital develops its annual work plans based on the above six pillars and objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2023/2024 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service Delivery Health Information	Eliminate communicable conditions	As detailed in the Annual Work Plan 2023-24	<ul style="list-style-type: none"> ● Enhance health education ● Procurement and distribution of required health products and resources ● Data collection analysis and information dissemination ● Quarterly coordination meetings Ensure consistency of IPC resources ● Advocate for more funds ● Health education for health care workers and public 	As detailed in the Annual Performance Review Report 2023-2024

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			<ul style="list-style-type: none"> sensitization and empowerment ● Advocate for space for an isolation ward of other communicable conditions ● Improve infrastructure ● Regular maintenance of machines/equipment 	
Human Resources for Health	Halt and reverse increasing burden of non-communicable conditions	As detailed in the Annual Work Plan 2023-2024	<ul style="list-style-type: none"> ● Patient education ● Start a cancer treatment center ● Regular medical camps ● Capacity building to HCWs and general public ● Provision and maintenance of diagnostic equipment ● Lobby for more specialist ● Support for open days and CMEs ● Lobby and follow up the proposed space for gym ● Basic screening tools, equipment's and standardized schedules ● Support for electrotherapy modalities, rehabilitative support, ambulatory aids etc. ● Improve infrastructure 	As detailed in the Annual Performance Review Report 2023-2024
	Reduce the burden of violence & injuries	As detailed in the Annual Work Plan 2023-2024	<ul style="list-style-type: none"> ● Expand accident and emergency department ● Training on emergency 	As detailed in the Annual Performance Review Report 2023-2024

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			<p>preparedness and planning</p> <ul style="list-style-type: none"> ● Capacity building in disaster management ● lobby for more staffs ● health promotion and education on violence/injuries 	
Health Products, Vaccines & Technologies	Provide essential medical services	As detailed in the Annual Work Plan 2023-2024	<ul style="list-style-type: none"> ● lobby for more staffs ● improve infrastructure ● procurement of required health products ● resource mobilization ● improve documentation and data collection <p>monitoring rational use of health products</p>	As detailed in the Annual Performance Review Report 2023-2024
	Minimize exposure to health risk factors	As detailed in the Annual Work Plan 2023-2024	<ul style="list-style-type: none"> ● Planting of trees within the incineration areas ● Regular repair of existing incinerator ● Construction of a new incinerator ● Replace the broken drains ● Repair the broken manhole ● Procure unblocking rods 	As detailed in the Annual Performance Review Report 2023-2024
Leadership & Governance	Strengthen collaboration with health-related sectors	As detailed in the Annual Work Plan 2023-2024	<ul style="list-style-type: none"> ● Re-establish and enhance collaboration between TL5H and key partners such as Mt. Kenya University, Shah Community ● Undertake annual stakeholders meetings 	As detailed in the Annual Performance Review Report 2023-2024

8. Corporate Governance Statement

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

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

The Hospital's Board is remunerated a sitting, meal/lunch, and transport allowances at a rate of Kshs. 8,500, and Kshs. 6,000, for the Chairperson and member respectively. During this reporting period, the hospital paid a total of Kshs. 115,000. The board members conduct of business is regulated as guided by the CECM-HS, the appointing authority. The Board has tenure of three years, renewable once.

The Hospital has no Board Charter

9. Management Discussion and Analysis

The hospital has been registered and licensed as a level five health facility in Kenya since November 2007. Since then, the hospital has grown tremendously to a 512 beds capacity teaching and referral hospital for the region.

During the previous years, the hospital has invested heavily on infrastructure and human resources, and expanded its services portfolio to meet the ever increasing demand. These include a state of the art 112 bodies capacity funeral home and anatomy laboratory – this was through partnership with Mount Kenya University. Another impactful project undertaken by the County Government of Kiambu is the state of the art Reproductive Health Unit, a 275 beds, 7,800 square meters wing that hosts key units such a maternity ward, antenatal ward, postnatal ward, obstetrics and gynaecology ward, new born unit, three theatres, hostels, Amenity ward, and other associated facilities.

Despite these resources, the hospital faces a great challenge in meeting the high demand for its services, in lieu of limited resources such as human resources for health, health finances, and limited physical infrastructure specially Wards. The outpatient facilities are greatly constrained due to high workload, contributed greatly by inadequate public health facilities in the region. The facility is also strategically located at the intersection of two great highways, Thika superhighway, and Garissa road highway. With a rich road network connecting all regions to the hospital, the hospital is earmarked as a centre of excellence for trauma, mother and child care, and non-communicable diseases.

The hospital is in the process of developing an infrastructure master plan to guide its aspirations in fully modernizing its infrastructure to support other pillars of its health system for better outcomes. The second phase of this development shall be a multipurpose surgical complex to host all its surgical inpatient units, Radiology, Dental and associated support services. Other areas of investments envisioned include expansion of cancer care services, modern medical wards, administration and staff welfare facilities, and other utilities and support service areas.

The hospital has also invested well in financial and operational control systems to enable better revenue collection and administration. These include expansion of NHIF operations centres to improve efficiency – from one to five areas. This included a thorough review of our billing processes to ensure that we don't lose revenue through non-collection, under-billing, or corruption activities. The hospital's revenue has steadily improved from 35 million to 45 **million** per month over the Years. The hospital had a current annual budget of KShs. 763.5m million with over 645 health care and support workers, the hospital provides a wide array of curative and rehabilitative services, promotion and preventive services, primary health care services, and including specialised services. During this report period, the hospital provided services as presented below.

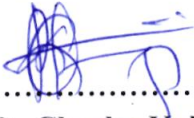
Clinical/operational performance

- *Bed capacity of the hospital.*
- *Overall patient attendance during the year for both inpatient and outpatient.*
- *Accident and Emergency attendance*
- *Specialised clinic attendance*
- *Average length of stay for in patient.*
- *Bed occupancy rate*
- *Mortality rate*
- *Surgical theatre utilisation (number of operations over a period of time)*
- *Sponsorships and partnerships*

Financial performance that includes: -

The hospital revenue is mostly from NHIF and facility improvement funds.

This funds are utilised to run day to day hospital activities by purchasing needed commodities that include non-pharmaceuticals and pharmaceuticals services, utility bills and other development projects.



.....
Dr Charles Kabiru

Medical Superintendent

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

We intend to maintain a world class teaching and referral hospital. With a mission to continually provide quality affordable and accessible health care services to our clients which are efficient, timely, and transparent maintaining privacy, confidentiality and professionalism.

ii) Environmental performance

Globally, about 13 million people die from conditions related to pollution, half of these in Africa. The health sector, in particular, is known to produce significant amounts of pollutants such as Unintentional Persistent Organic pollutants (UPOPs) and mercury.

According to WHO, around 80% of healthcare waste is non-hazardous and 15% is infectious. The remaining 5% is made up of sharps (1%), toxic chemicals, pharmaceuticals (3%), genotoxic, and radioactive waste (1%) (WHO, 2007).

On realization that poor management of health care waste poses risk of exposure and subsequent transmission of infections resulting in pollution of air, water, land and significantly contributes to adverse effects on human and animal health as well as the environment, we remain committed to implementation of the Kenya Injection Safety policy and the healthcare waste management policy guidelines.

The huge waste produced including the biodegradable waste, is simply dumped in the open becoming an eyesore in our towns and this also provide conducive environment for the breeding of rodents, vermin, pests and attracts scavengers not to mention the unrestrained emission of methane into the atmosphere as a result of the decomposition thus polluting the environment.

Thika Level 5 Hospital being one of the biggest referral hospital in Kiambu County with a population of six hundred (600) health workers, eight hundred (800) outpatients and around five hundred (500) bed capacity (inpatients).

The future on waste management in our institution is to recycle waste in anticipation to produce biogas that will be utilized in hospital kitchen cooking, heating of bathing water in wards, laundry use, utensils cleaning and incineration of sharps and infectious waste.

We remain committed to realization of green economy that encompasses all activities or actions that help reduce carbon emissions into the atmosphere which is a major component of greenhouse gases that enhances global warming thus causing climate change.

Further, green economy upholds the efficient use of natural resources and energy while enabling economic growth that supports creation of job opportunities and improvement of livelihoods thus

alleviating poverty and by far promoting the health standards of the communities we serve as well as them that live in our neighbourhood.

There has been deliberate move to collaborate with the Horticultural Society of Kenya in our effort towards carbon sinking where we have planted over two hundred (200) trees within our institution and continue to nurture them with anticipation of attaining 100% tree survival.

iii) Employee welfare

Healthcare worker safety cannot be separated from patient safety as health and safety risks to healthcare workers directly affect and impact on patient outcomes.. The physical and psychological safety of healthcare workers was greatly compromised due to the risk of exposure to infection, together with the capacity and financial stability of health care systems. Situational factors, such as staffing shortages, shortages of PPEs, inadequate skills to deal with unfamiliar scenarios, all disrupted existing care processes in most health systems. In recognition of this challenge, the World Patient Safety Day, 17 September 2020, was dedicated to the theme “Health worker safety: a priority for patient safety”.

The safety and protection of healthcare workers is key to ensuring the safety of patients as well as 144 functioning health system and society. Workers in hospitals encounter unique risks that are uncommon in other industries. In particular, hospital workers lift, reposition, and transfer patients who have limited mobility. Heavy patients can pose particular challenges for safe handling. Workers may have to interact with potentially contagious patients, hazardous materials and sharp devices contaminated with blood borne pathogens. Hospitals serve patients with physical or mental health challenges, some of which increase the likelihood of violent outbursts.

Thika level 5 hospital is committed to implementation of the existing laws, regulations, policies and strategies that support health worker safety as well as quality of care at all levels. The Constitution of Kenya Article 43(1) (a) states that every person has the right to the highest attainable standard of health, which includes the right to health care services. The Constitution envisions that the two levels of government collaborate, cooperate and consult to ensure quality health services to all Kenyans, where the national government is responsible for policy formulation and capacity building whilst the county governments are responsible for delivery of healthcare services. The Health Act No. 21 of 2017 provides mechanisms for implementation of health services in the country. This includes regulation of healthcare professionals and health products and technologies.

iv) Market place practices-

The organisation should outline its efforts to:

a. Responsible competition practice.

The Hospital is Guided by a Code of Ethics which is Stipulated in the Human Resource Manual of the County and General Human Resource Code of Ethics

The Facility has sign boards in the Hospital Indicating that the Hospital is A corrupt free Zone

The Hospital However if faced with Political Interference in terms of Waivering Process of the Hospital Bills

b. Responsible Supply chain and supplier relations

The Facility practises on fair Competition on are guided by the public procurement disposal Act 2015.This is achieved through floating of quotation and Open tenders

For the Two Quarters i.e. Jan-June-2023 We've been actively paying all the debts owed to suppliers. However, the hospital has pending bills from the previous years.

Further the Service Contract are renewed on a yearly basis

c. Responsible marketing and advertisement

The Hospital Service Charter is displayed at several strategic areas to market the hospital services.

d. Product stewardship

This is achieved by protection of patients' medical information and privacy. We ensure that all the medical services and commodities are available.

v) Corporate Social Responsibility / Community Engagements

The hospital conducts outreaches for various services including Ophthalmology and frequent cancer and non-communicable diseases screening and health talks to the community.

The hospital also waivers bills for the socially challenged individuals.

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 are as explained on page ii

Results

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 59

Board of Management

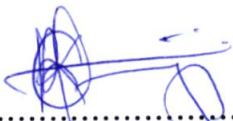
The members of the Board who served during the year are shown on page 1 to 59. During the year, no director(s) retired/ resigned, and no director (s) was appointed

The Board of Management term had expired and had not been renewed

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



.....
Dr. Charles Kabiru
Secretary to the Board

12. Statement of Board of Management’s Responsibilities

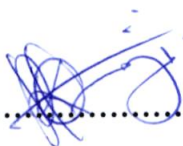
Section 81 of the Public Finance Management Act, 2012 and Kiambu County Health Services Act of 2019, require the Board of Management to prepare financial statements in respect of that Thika Level 5 Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial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

The board members are responsible for the preparation and presentation of the Hospital’s financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on 30 June, 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 Hospital; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The board members are of the opinion that the Hospital’s financial statements give a true and fair view of the state of the Hospital’s transactions during the financial year ended 30 June 2024 and of the Hospital’s financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital’s financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the board members to indicate that the Hospital will not Remain sustainable in offering services for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



.....

Dr. Charles Kabiru
Accounting Officer

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THIKA LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF KIAMBU

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 Thika Level 5 Hospital - County Government of Kiambu set out on pages 1 to 55, which comprise the statement of

Report of the Auditor-General on Thika Level 5 Hospital for the year ended 30 June, 2024 - County Government of Kiambu

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Level 5 Hospital 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 Kiambu County Health Services Bill, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements presented for audit revealed the following inconsistencies:

- i. The rendering of services from medical income in the statement of cash flows is reported as Kshs.270,183,526 while the statement of financial performance reflects an amount of Kshs.510,691,159 resulting to an unreconciled variance of Kshs.240,507,633.
- ii. The revenue from rental facilities in the statement of cash flows is reported as Nil balances while the statement of financial performance reflects an amount of Kshs.120,000 resulting to unreconciled balances of Kshs.120,000
- iii. The medical /clinical expenses in the statement of cash flows is reported as Kshs.176,876,224 while the statement of financial performance reflects an amount of Kshs.244,192,534 resulting to an unreconciled variances of Kshs.67,316,310.
- iv. The employee cost in the statement of cash flows is reported as Kshs.29,684,386 while the statement of financial performance reflects an amount of Kshs.1,010,553,307 resulting to an unreconciled variance of Kshs.980,868,921.
- v. The repairs and maintenance in the statement of cash flows is reported as Kshs.5,169,637 while the statement of financial performance reflects an amount of Kshs.7,529,747 resulting to unreconciled variances of Kshs.2,360,110.
- vi. The general expenses in the statement of cash flows is reported as Kshs.52,971,815 while the statement of financial performance reflects an amount of Kshs.172,775,649 resulting to an unreconciled variances of Kshs.119,803,834.
- vii. The purchase of property, plant and equipment and intangible assets in the statement of cash flows is reported as Kshs.1,710,000 while Note 31 reflects additions of plant and property of Kshs.2,640,000 resulting to an unreconciled variance of kshs.930,000.

- viii. The increase in cash and cash equivalents in the statement of cash flows is reported as Kshs.17,239,947 against a recomputed amount of Kshs.3,732,949.
- ix. The statement of comparison of budget and actual amounts reflects actual amounts of employee cost as Kshs.44,822,657 while the statement of financial performance reflects an amount of Kshs.1,010,553,307 resulting to unreconciled variances of Kshs.965,730,650.
- x. The statement of financial position reflects accumulated surplus and capital fund amounts of Kshs.17,500,886 and Kshs.150,070,520 respectively while the statement of changes in net asset reflects accumulated surplus and capital fund amounts of Kshs.-133,808,752 and Kshs.634,072,248 respectively, resulting to variances of Kshs.-116,307,866 and Kshs.484,001,728.

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

2. Cash and Cash Equivalents

The statement of financial position and Note 27 of the financial statements reflects cash and cash equivalents balance of Kshs.6,067,345. However, reported in the NHIF account managed by the Hospital is a balance of Kshs.11,797,890 against the financial statements balance of Kshs.891 resulting to a variance of Kshs.11,796,999. Further the cashbook and reconciliation statements were not provided for audit. In addition, the Hospital revenue account held at a local Bank revealed a cashbook balance of Kshs.1,869,462, however, Management did not provide the bank certificate for audits.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance totalling Kshs.6,067,345 could not be confirmed.

3. Unreconciled Variances Between Facility Improvement Fund (FIF) Amounts and Thika Level V Hospital Balances

3.1. Transfer to FIF

Analysis of the fund account revealed that Thika Level 5 Hospital had swiped Kshs.458,183,607 to the FIF fund as at 30 June, 2024. However, disclosed in Note 3 of the FIF financial statements relating to transfers from Hospitals is an amount totalling Kshs.458,548,769 resulting to an unreconciled variance of Kshs.365,162.

3.2 Transfer from FIF

Disclosed in Note 9 of the FIF financial statements is Kshs.366,839,015 in respect to transfers to Thika Level 5 Hospital. However, the Hospital acknowledges an amount totalling Kshs.366,546,885 as monies received by the Hospital from the FIF in the financial year under review resulting to a variance of Kshs.292,130.

3.3 Receivables from FIF

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totaling Kshs.708,269,278. Included in the amount is Kshs.96,633,292 relating to funds swiped by the Hospital to the FIF fund that is yet to be reimbursed to the Hospital. However, records of FIF Fund reflects an amount of Kshs.2,048,803 as payables to Thika Level 5 Hospital resulting in a variance of Kshs.94,584,489 between the two institutions which was not explained or supported.

3.4 Payables to FIF

Thika Level 5 Hospitals reflects Nil balances of payables to the FIF Fund however, reported in Note 13 of FIF financial statements is receivables from exchange transactions of Kshs.46,270,890. Included in the amount is receivables of Kshs.2,561,004 relating to Thika Level 5 Hospital resulting to an unreconciled variance of Kshs.2,561,004.

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

4. Unreconciled Variances Between Kiambu County Executive Payables and Thika Level 5 Payables

The statement of financial position reflects refundable deposit from customers of Kshs.1,379,179 as disclosed in Note 35 to the financial statements. However, the customer refund deposits were not disclosed as payables in the County Government of Kiambu books of account as outstanding payables.

In the circumstances, the accuracy of refundable deposit from customers totalling Kshs.1,379,179 could not be confirmed.

5. Variance between Financial Statements and Supporting Ledgers

The statement of financial performance reflects employees' costs of Kshs.1,010,553,307 as disclosed in Note 16 to the financial statements. Included in the amount is contractual employees amount of Kshs.44,822,657. However, the general ledger extracted from the Hospital's system indicates an amount of Kshs.40,501,492 resulting to a variance of Kshs.4,321,165 which was not explained or reconciled.

In the circumstances, the accuracy of employee costs totalling Kshs.1,010,553,307 could not be confirmed.

6. Property, Plant and Equipment

6.1 Unsupported Property Plant and Equipment

The statement of financial position and Note 31 of the financial statements reflects property, plant and equipment balance of Kshs.14,039,622. However, review of the asset register provided for audit revealed the following irregularities.

- i. The supporting schedules were not been provided for audit.
- ii. The asset register provided for audit did not disclose the land owned and the ownership document were not provided for audit.
- iii. Some assets recorded in the register provided lacked the monetary values and it was therefore not possible to confirm the actual value.
- iv. The asset register contains items that did not specify location of the assets, assets serial number and date of purchase.

6.2 Failure to Depreciate Property, Plant and Equipment

Note 31 to the financial statements reflects property, plant and equipment (PPE) balance of Kshs.14,039,622 which is a cumulative balance. However, the financial statements reported nil balance for depreciation charge and accumulated depreciation for the year under review.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.14,039,622 could not be confirmed.

7. Unreconciled In-Kind Contribution from the County Government

Reported in the statement of financial performance and as supported by Note 7 to the financial statements is Kshs.965,730,650 in respect to In-kind contribution from the County Government. However, analysis of the County Government payroll revealed that the salaries paid for Thika Level 5 Hospital during the year was Kshs.1,353,169,713 resulting to an unreconciled variance of Kshs.387,439,063.

In the circumstances, the accuracy and completeness of in-kind contributions from the County Government totalling Kshs.965,730,650 could not be confirmed.

8. Long Outstanding Receivables

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totalling Kshs.708,269,278. However, in comparison with the previous year balances, there was minimal movement of the Hospital's receivables balances as shown below, an indication that Management may not have made any efforts to recover the outstanding hospital balances.

Category	Amount owed as at 30 June, 2024 (Kshs.)	Amount owed as at 30 June, 2023 (Kshs.)
Less than 1 year	144,759,805	
Between 1- 2 years	60,298,222	60,298,222
Between 2- 3 years	149,683,726	149,683,726
Between 3- 4 years	173,991,992	173,991,992
Over 4 years	123,876,851	123,876,851
Over 5 years	55,658,682	55,658,682
Total Debt	708,269,278	

Further, included in the amount is Kshs.353,527,525 for debtors dating back to over three (3) years. However, Management did not provide measures taken to recover the debts. In addition, receivables of Kshs.144,759,805 were incurred in the year under audit despite the Hospitals requirement of full payment before rendering services. Management did not also make a provision for bad debts.

In the circumstances, the full recoverability of receivables totalling Kshs.708,269,278 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Thika Level 5 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 amount reflects approved budgeted receipts of Kshs.763,757,677 and actual receipts of Kshs.510,811,159 resulting in net under funding of Kshs.252,946,518 or 33%. Similarly, the statement of comparison of budget expenditure and actual expenditure amount reflects approved budgeted expenditure of Kshs.656,623,135 and actual expenditure of Kshs.469,474,587 resulting to an under utilization of Kshs.187,148,548 or 29%.

The underfunding and underutilization may have affected the 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

Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

Other Information

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

In connection with my audit on the Thika Level 5 Hospital financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Public Sector Accounting Standards Board Reporting Template

Review of financial statements for Thika Level 5 Hospital revealed the following anomalies: -

- i. On the corporate governance statement, Management did not include the number of Board meetings held and the attendance to those meetings by members and the succession plan
- ii. Management discussion and analysis, clinical/operational performance did not include explanations.
- iii. The statement of Board of management's responsibilities, the financial statements, the approval of the financial statement are not dated.
- iv. Some amounts in the statement of changes in net assets have not been rounded off.
- v. Page 7 has been left blank
- vi. The head of Finance has not included the ICPAK number under the statement of financial position.
- vii. There are no budget notes on the statement of comparison of budget and actual amounts
- viii. Under adoption of new and revised standards, Note I to the financial statements on financial instruments, Note x to the financial statement on subsequent events and Appendix III on inter-entity confirmation letter have not been amended appropriately.
- ix. Appendix 1 on progress on follow up of auditors' recommendation was not included in the financial statements.

In the circumstances, the preparation and presentation of the annual reports and financial statements is not as per the standards prescribed and published template by the Public Sector Accounting Standards Board.

2. Irregular Procurement and Payments of Supply and Delivery of X-Ray Consumables

Contract for supply and delivery of X-Ray consumables vide contract number KCG/TL5H/048/2023/2024 and contract price of Kshs.1,185,000 was awarded to a local contractor on 3 July, 2024 through LPO number 3968946. However, review of the procurement records revealed that the supplier bided for supply of X-Ray consumables

of Kshs.1,185,000, issued with LPO number 3968946 of Kshs.1,635,000 and paid Kshs.1,635,000 resulting to unexplained overpayment of Kshs.450,000.

Further, notification of award letter was dated 12 January, 2024, acceptance letter dated 8 January, 2024 and LPO issued on 3 July, 2024 while the invoices and delivery of Kshs.1,282,000 and Kshs.353,000 were issued on 6 February, 2024.

In the circumstances, Management was in breach of the law and the value for money on the procurements could not be confirmed.

3. Irregular Extension of the Contracts for Security, Cleaning, Laundry and Services

The statement of financial performance reflects general expenses of Kshs.172,775,649 as disclosed in Note 21 to the financial statements. The amount includes contracted services payments totalling Kshs.32,790,427. Review of the procurement and payment records revealed that contracts for security, cleaning and laundry services were awarded to local companies at contract prices of Kshs.857,124, Kshs.1,898,794 and Kshs.496,600 which have been cited as contract extensions in the contract documents. However, the following anomalies were identified.

- i. Contracts for the service providers were renewed after every three (3) months since July, 2022 by the Accounting Officer without recommendations from user department, procurement committee through head of procurement function.
- ii. The three companies had been identified to offer services since 2021-2022 financial year throughout the years without framework contract stipulating the valid period for engagement.
- iii. Review of the payment records revealed that attendance records for the staff contracted had not been maintained and checked for validity.
- iv. The disclosure notes to the financial statements were not consistent.

In the circumstances, Management was in breach of the law and the value for money on the procurements could not be confirmed.

4. Irregular Procurement and Payment of Supply and Delivery of Renal Consumables

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects medical and clinical cost balance of Kshs.244,192,533. The same is disclosed under corresponding Note 15 and includes renal products payments totalling to Kshs.9,480,086. Contract for Supply and delivery of renal consumables of the contract number KCG/TL5H/103/2022/2023 of the contract price Kshs.1,609,800 was awarded to Crown Healthcare on 28 July, 2023 through LPO number 3968924. Review of the procurement records revealed that following anomalies;

- i. Contract agreement for the award to supply X-Ray consumables has not been prepared.
- ii. Scoring sheets for the committee members for evaluation of the quotations not provided.
- iii. Notification of award to the quotation was done on 28 June, 2023, LPO issued on 22 August, 2023 and supplies delivered on 3 July, 2023.

In the circumstances, Management was in breach of the law and the value for money on the procurements could not be confirmed.

5. Purchase of Plant, Property and Equipment

Review of records provided revealed that Management entered into a contract with a local company at a sum of Kshs.1,710,000 for supply of ten desktop. However, the following irregularities were noted.

- i. The appointment letter for the evaluation team was dated 24 November, 2023. Four persons were appointed however one evaluator signed the evaluation minutes on 3 May, 2024.
- ii. No evidence was provided in support of the payment to show that that the Head, of Supply Chain issued a professional opinion to the Accounting Officer for approval before award.
- iii. The local purchase order was not dated, hence it was not possible to ascertain when the contract was entered into.
- iv. The letter of acceptance was dated 30 November, 2023 and the invoice and delivery note were dated 21 March, 2024. Reasons as to why the procurement took so long was not provided.
- v. Review of the asset register revealed that only nine (9) computers were recorded in the asset register. No explanation was provided as to the whereabouts of the other one laptop.

In the circumstances, Management was in breach of the law and value for money on the procurements could not be confirmed.

6. Non-Rotation of Suppliers

The statement of financial performance reflects medical/clinical costs of Kshs.244,192,533 as disclosed in Note 15 to the financial statements. However, review of the Health Information stationery indicates that an amount of Kshs.7,163,000 awarded to only one supplier as shown below.

Date	Description	Details	Amount (Kshs.)
21-08-24	printing of supplied of the hospital documents	Pop Sign LTD	2,270,000
2/2/2024	printing of supplied of the hospital documents	Pop Sign LTD	2,333,000
9/1/2023	printing of supplied of the hospital documents	Pop Sign LTD	2,560,000
	Total		7,163,000

Therefore, it was not possible to confirm why only one supplier was awarded for different works yet other suppliers were prequalified in the respective categories.

In the circumstances, Management was in breach of the law and value for money on the procurements could not be confirmed.

7. Payments for Partially Delivered Items

Management paid a local company Kshs.7,163,000 for supply and delivery of medical printed records to the Hospital. However, review of the form S.13 and the inspection minutes provided revealed that the contractor invoiced the Institution and the Institution paid fully the invoice amount. However, item delivered valued at Kshs.1,207,000 were not recorded in the store records. It was not clear if all items were delivered in the Institution. Further, the local purchase order was not dated and no professional opinion was provided.

In the circumstances, Management was in breach of the law and value for money on the procurements could not be confirmed.

8. Irregular Engagement of Contractual Employees

It was noted that during the financial year under review, the Hospital had engaged casual employees. An examination of casual payrolls revealed that there were 124 casual staff across several departments that were engaged continuously for more than three (3) months. This contravened the Employment Act of 2007, which defines a "casual employee" as an individual whose engagement terms stipulate daily payment and who is not engaged for more than twenty-four hours at a time.

In the circumstances, Management was in contravention of the Employment Act of 2007,

9. Lack of a Staff Establishment

During audit, it was noted that Thika Level 5 Hospital did not maintain a staff establishment showing the required number of staff and positions required to be filled. In the circumstances, Management was in breach of the law.

10. Unutilized Medical Equipment From FIF

Reported in Note 9 of Kiambu County Health Services Facility Improvement Fund (HSFIF) financial statements is an amount of Kshs.1,173,927,944 in respect to transfers to other hospitals. Included in the amount is Kshs.195,270,837 relating to equipment purchased by the fund and delivered to various Hospitals. Audit and physical verification of equipment delivered to Thika Level 5 Hospital revealed that equipment of undetermined value was lying idle in the store and deteriorating in value an indication of goods delivered not needed.

In the circumstances, Management was in breach of the law and value for Kshs.195,270,837 could not be confirmed.

11. Irregularities in Board Composition and Governance

The statement of financial performance and Note 17 to the financial statements reflects Board of Management expenses totalling Kshs.154,000. However, the following anomalies were observed;

- i. The full Board during the year under review constituted of six (6) members and not the minimum of seven (7) members as required under Mwongozo code of Governance.
- ii. The Hospital failed to prepare and implement a Board Charter.
- iii. The Hospital did not maintain attendance registers.
- iv. The approved Board work plan was not provided for audit.
- v. Notices for invitation for meetings were provided, however it was noted that they were not done with a 14 days period as prescribed in Mwongozo code of governance.

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

12. Non-Compliance with Remittance of Statutory Dues and Other Deductions

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee costs amount of Kshs.1,010,553,307. Included in the employee costs amount is employee costs relating to contractual employees of Kshs.44,822,433. Review of ledgers and bank statements provided for audit revealed that the Hospital delayed remitting statutory deductions, with payments for the financial year being made between October, 2023 and August, 2024. This indicates non-compliance with statutory obligations and the following anomalies were noted;

- i. The first PAYE remittance for the financial year was made on 19 June, 2024 a few days prior to close of the financial year.

- ii. Housing levy was not deducted or remitted for the months of July, August and September, 2023.
- iii. Kshs.61,200 relating to NHIF deductions made to cleaners for the month of May and June, 2024 was not remitted.

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

13. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.591,270,887 as disclosed under corresponding Note 34. However, included in the balance are trade payables balance of Kshs.452,408,525 which had been outstanding for more than one (1) year. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates. However, there was no policy on impairment of the long outstanding accounts payables casting doubt on fair statement of the accounts payables balance.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Department

During the year under review, it was observed that the Hospital did not have an internal audit department. As a result, no internal audits were conducted across any of the Hospital's departments, leading to a lack of independent oversight and potential exposure to financial, operational, and compliance risks.

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

2. Lack of Policies and Manuals

2.1 Bad Debt Policy

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totalling Kshs.708,269,278. It was noted that the Hospital did not have a bad debt policy in place to guide the Hospital in the eventuality of failure of the debtors to pay.

2.2 Approved ICT Policy

Review of Thika Level 5 ICT environment during the year ended 30 June, 2024 revealed that there was no formal approved ICT policy in place to enable the Hospital manage business processes for the delivery of services to the stakeholders in an effective and efficient manner. Further, it was noted that the Hospital lacks an approved risk management policy thus there was no framework for management of risk and hence not possible to identify, assess and control risk. As a result, it is not possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

2.3 Hospital Waiver Policy

The statement of financial performance reflects a medical services contract loss of Kshs.23,835,686 as disclosed in Note 25 to the financial statements which is attributed to medical waivers made by the Hospital during the financial year. However, during the audit review, it was noted that there was no waiver policy governing the issuance of waivers by the Hospital. There was also no budgetary allocation for waivers in the annual budget for the year under review. Hence, the lack of these policy frameworks leads to poor internal controls for management of waivers.

In the circumstances, the lack of policy documents may lead to weak internal controls and failure to prevent or detect risks.

3. Expired Medical Supplies

Reported in the statements of financial position and as supported by Note 30 to the financial statements reflect an inventory balance of Kshs.31,845,227. Review of the store records on pharmaceuticals at the Hospital revealed that there existed units of various drugs of undetermined value that had expired. In addition, the drug status report together with the expired drugs and method of disposal were not provided for audit.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

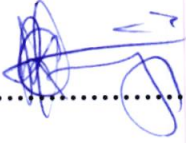
31 December, 2024

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Notes	Period ended June 30 2024 Kshs	Period ended June 30 2023 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	965,730,650.00	747,831,340.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from non- exchange transactions		965,730,650.00	747,831,340.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	510,691,159.00	465,724,613.00
Revenue from rent of facilities	12	120,000.00	161,000.00
Finance /Interest Income	13	-	-
Miscellaneous income (<i>specify</i>)	14	-	-
Revenue from exchange transactions		510,811,159.00	465,885,613.00
Total revenue		1,476,541,809.00	1,213,716,953.00
Expenses			
Medical/Clinical costs	15	244,192,534.00	338,742,330.80
Employee costs	16	1,010,553,307.00	790,900,139.00
Board of Management Expenses	17	154,000.00	159,000.00
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	7,529,747.00	7,521,796.00
Grants and subsidies	20	-	-
General expenses	21	172,775,649.00	193,932,431.20
Finance costs	22	-	-
Total expenses		1,435,205,237.00	1,331,255,697.00
Other gains/(losses)			
Gain on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(23,835,686.00)	(22,830,323.00)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(23,835,686.00)	(22,830,323.00)
Net Surplus for the year		17,500,886.00	(140,369,067.00)

The Hospital's financial statements were approved by the Board on 27/12/2024 and signed on its behalf by:



f Chairman

Board of Management

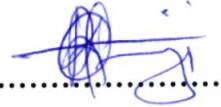
Dr Raju Muhindran



Head of Finance

ICPAK No: 29748

Josephine Nyambura



Dr Charles Kabiru
Medical Superintendent

Thika Level 5 Hospital (Kiambu County Government)
Amended Annual Report and Financial Statements for The Year Ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Notes	Period ended June 30 2024	Period ended June 30 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	6,067,345.00	2,334,381.16
Receivables from exchange transactions	28	708,269,278.00	563,509,473.86
Receivables from non-exchange transactions	29	-	-
Inventories	30	31,845,227.00	40,312,858.40
Total Current Assets		746,181,850.00	606,156,713.42
Non-current assets			
Property, plant, and equipment	31	14,039,622.00	11,399,622.00
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		14,039,622.00	11,399,622.00
Total assets(A)		760,221,472.00	617,556,335.42
Liabilities			
Current liabilities			
Trade and other payables	34	591,270,887.00	499,025,027.55
Refundable deposits from customers/Patients	35	1,379,179.00	1,379,179.00
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		592,650,066.00	500,404,206.55
			-
Non-current liabilities			-
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41	-	-
Total Non-current liabilities		-	-
Total Liabilities(B)		592,650,066.00	500,404,206.55


Thika Level 5 Hospital (Kiambu County Government)

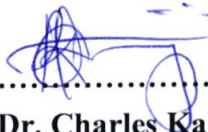
Amended Annual Report and Financial Statements for The Year Ended 30th June 2024

			-
Net assets(A-B)			
Revaluation reserve			
Accumulated surplus/Deficit		17,500,886.00	(140,369,067.00)
Capital Fund		150,070,520.00	257,521,195.87
		167,571,406.00	117,152,128.87
Total Net Assets and Liabilities		760,221,472.00	617,556,335.42

The Hospital's financial statements were approved by the Board on 27/12/2024 and signed on its behalf by:


.....
Chairman
Board of Management
Dr Raju Mshinda


.....
Head of Finance
ICPAK No: *39748*
Josephine Nyambura


.....
Dr. Charles Kabiru
Medical Superintendent

Thika Level 5 Hospital (Kiambu County Government)
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16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)		(10,940,571.13)	226,480,532.00	215,539,960.87
Revaluation gain				-
Surplus/(deficit) for the year		(140,369,067.00)	257,521,195.87	117,152,128.87
Capital/Development grants		-	-	-
As at June 30, 2023 (previous year)		(151,309,638.13)	484,001,727.87	332,692,089.74
				-
At July 1, 2023 (current year)		(151,309,638.13)	484,001,727.87	332,692,089.74
Revaluation gain				-
Surplus/(deficit) for the year		17,500,886.00	150,070,520.00	167,571,406.00
Capital/Development grants			-	-
At June 30, 2024(current year)		(133,808,752.13)	634,072,247.87	500,263,495.74

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

Description	Note	Period ended	Period ended
		June 30 2024	June 30 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	9,895,500.00
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		270,183,526.00	373,576,256.00
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		270,183,526.00	383,471,756.00
Payments			
Medical/Clinical costs		176,876,224.00	247,204,564.00
Employee costs		29,684,386.00	52,964,299.00
Board of Management Expenses		38,500.00	159,000.00
Repairs and maintenance		5,169,637.00	5,721,826.00
Grants and subsidies		-	-
General expenses		52,971,815.00	79,032,933.00
Finance costs		-	-
Refunds paid out		-	-
Total Payments		264,740,562.00	385,082,622.00
Net cash flows from/(used in) operating activities	42	5,442,964.00	(1,610,866.00)
Cash flows from investing activities			-
Purchase of property, plant, equipment, & intangible assets		1,710,000.00	4,076,320.00
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows from /(used in) investing activities		1,710,000.00	4,076,320.00
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows from /(used in) financing activities			-
Net increase/(decrease) in cash and cash equivalents		3,732,964.00	(5,687,187.00)
Cash and cash equivalents at 1 July 2023	27	2,334,381.00	8,021,568.00
Cash and cash equivalents at June 2024	27	6,067,345.00	2,334,381.00

DISCLOSURE NOTES

The Statement of Cashflows is prepared based on the Amount the Hospital Received as Revenue Reimbursement and what it Paid out during the Financial Year. This means its Prepared based on the Actual Cash Received and the Actual Payments and the Amounts. The Statement of Financial Perfomance double entry is in the Statement of Cash flows and the Statement of Financial Position as outlined in the Ledgers and Schedules

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

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	a	b	c=(a+b)	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from the County Government	-	-	-	-	0.00%
Grants from donors and development partners	-	-	-	-	0.00%
Transfers from other Government entities	-	-	-	-	0.00%
Public contributions and donations	-	-	-	-	0.00%
Rendering of services- Medical Service Income	763,562,677.00	-	763,562,677.00	510,691,159.00	66.88%
Revenue from rent of facilities	195,000.00	-	195,000.00	120,000.00	61.54%
Finance / interest income	-	-	-	-	0.00%
Miscellaneous receipts (specify)	-	-	-	-	0.00%
Total income	763,757,677.00	-	763,757,677.00	510,811,159.00	66.88%
Expenses					0.00%
Medical/Clinical costs	319,027,600.00	-	319,027,600.00	244,192,534.00	76.54%
Employee costs	46,900,000.00	-	46,900,000.00	44,822,657.00	95.57%
Remuneration of directors	400,000.00	-	400,000.00	154,000.00	38.50%
Repairs and maintenance	29,770,000.00	-	29,770,000.00	7,529,747.00	25.29%
Grants and subsidies	-	-	-	-	0.00%
General expenses	260,525,535.00	-	260,525,535.00	172,775,649.00	66.32%
Finance costs	-	-	-	-	0.00%
Refunds	-	-	-	-	0.00%
Total expenditure	656,623,135.00	-	656,623,135.00	469,474,587.00	0.00%

Thika Level 5 Hospital (Kiambu County Government)
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					0.00%
Surplus for the period	107,134,542.00	-	107,134,542.00	41,336,572.00	38.58%
CAPITAL EXPENDITURE	106,939,542.00		106,939,542.00	14,039,622.00	13.13%

19. Notes to the Financial Statements

1. General Information

Thika Level 5 entity is established by and derives its authority and accountability from Public Finance Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is as described in page iii of this report

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 26-70. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Hospital*. The financial statements have been prepared in accordance with the PFM Act, and the Kiambu County FIF Regulations 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.

IPSAS 43	<p><i>Applicable 1st 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st 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 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><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46	<p><i>Applicable 1st January 2025</i></p>

Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

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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 *Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023-2024 was approved by Board on **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 *Hospital did not* record any additional appropriations of **THE Hospital** on the FY 2023-2024 budget following the Board's approval. The *Hospital* 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 **1-5** under section 2 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 0 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	-	-
Level 5 Grants	-	-
Unconditional development grants	-	-
Other Grants	-	-
	-	-
Conditional Grants		
User Fee Forgone	-	-
Transforming Health Services for Universal Care Project (THUCP)	-	-
DANIDA	-	-
Wards Development Grant	-	-
Paediatric Block Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Total Government Grants and Subsidies	-	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total grant income during the period	Comparative period prior year
	Kshs	Kshs			
			Kshs	Kshs	Kshs
Kiambu County Government	-	-	-	-	-
	-	-	-	-	-

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period ended June 30	Period ended June 30
	2024	2023
	Kshs	Kshs
Salaries and wages for Casuals	965,730,650.00	9,895,500.00
Salaries and wages for Permanent and Pensionable		737,935,840.00
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
Total grants in kind	965,730,650.00	747,831,340.00

8. Grants From Donors and Development Partners

9. Description	Period ended June 30	Period ended June 30
	2024	2023
	Kshs	Kshs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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 period	Period ended June 30 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period ended June 30 2024	Period ended June 30 2023
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	Period ended June 30 2024	Period ended June 30 2023
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	-	-
Total donations and sponsorships	-	-

10 (a) Reconciliations of amortised grants

Description	Period ended June 30 2024	Period ended June 30 2023
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Thika Level 5 Hospital (Kiambu County Government)
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Pharmaceuticals	57,033,124.00	40,111,615.00
Non-Pharmaceuticals	1,005,567.00	-
Laboratory	47,078,418.00	43,857,483.00
Radiology	40,894,811.00	33,908,853.00
Orthopedic and Trauma Technology	1,757,945.00	3,672,600.00
Theatre	8,232,085.00	11,655,160.00
Accident and Emergency Service	8,454,395.00	6,594,975.00
Anesthesia Service	-	-
Ear Nose and Throat service	1,880,100.00	2,238,850.00
Nutrition service	524,420.00	273,048.00
Cancer centre service	-	-
Dental services	4,748,300.00	4,665,100.00
Reproductive health	10,371,808.00	4,675,970.00
Paediatrics services	13,413,135.00	11,467,021.00
Farewell home services	20,595,365.00	21,477,210.00
Inpatient Wards	26,189,756.00	22,737,959.00
Other medical services income(outpatient and Inpatient)	34,455,424.00	28,227,120.00
NHIF Income	234,056,506.00	230,161,649.00
Total revenue from the rendering of services	510,691,159.00	465,724,613.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	
Residential property	-	-
Commercial property	120,000.00	161,000.00
Total Revenue from rent of facilities	120,000.00	161,000.00

13. Finance /Interest Income

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications,	-	-
Total miscellaneous income	-	-

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Dental costs/ materials	1,654,600.00	2,583,750.00
Laboratory chemicals and reagents	30,743,017.00	48,071,271.00
Renal Products	9,480,086.00	-
Public health activities	297,460.00	200,000.00
Food and Ration	17,814,708.00	27,310,342.00
Uniform, clothing, and linen	-	1,924,245.00
Dressing and Non-Pharmaceuticals	95,895,111.00	160,827,974.00
Pharmaceutical supplies	50,362,851.00	50,749,900.00
Health information stationery	7,163,000.00	5,681,320.00
Reproductive health materials	-	-
Sanitary and cleansing Materials	2,010,719.00	3,651,451.00
Purchase of Medical gases	8,776,682.00	5,331,871.80
X-Ray/Radiology supplies	18,953,300.00	23,771,706.00
Other medical related clinical costs (implants)	1,041,000.00	8,638,500.00
Total medical/ clinical costs	244,192,534.00	338,742,330.80

16. Employee Costs

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Salaries, wages, and allowances	965,730,650.00	737,935,840.00
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	44,822,657.00	52,964,299.00
Employee costs	1,010,553,307.00	790,900,139.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	154,000.00	159,000.00
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	154,000.00	159,000.00

18. Depreciation and Amortization Expense

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

19. Repairs And Maintenance

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Property- Buildings	734,900.00	3,096,375.00
Medical equipment	4,676,067.00	-
Office equipment/other Equipment	2,031,780.00	3,074,665.00
Furniture and fittings	-	-
Computers and accessories	87,000.00	-
Motor vehicle expenses	-	1,350,756.00
Maintenance of civil works	-	-
Total repairs and maintenance	7,529,747.00	7,521,796.00

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period ended June 30	Period ended
	2024	June 30
	Kshs	2023
		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>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	Period ended June 30	Period ended June 30
	2024	2023
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	160,400.00	513,200.00
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	301,630.00	95,646.00
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	32,790,427.00	56,158,538.00
Electricity expenses	23,753,287.00	21,780,854.00
Fuel and Lubricants	319,867.00	1,431,337.00
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	-	264,200.00
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	8,327,554.00	12,235,341.00
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	11,224,957.00	12,548,582.00
Skills development levies	-	-
Telephone and mobile phone services	935,175.00	885,000.00
Internet expenses	302,451.00	632,261.00
Staff training and development	-	205,434.00

Thika Level 5 Hospital (Kiambu County Government)
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Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical,	-	-
Library books/Materials	-	-
Parking charges	-	-
Other Fuel(cooking Gas,firewood,Charcoal)	3,023,180.00	5,798,860.00
Other Expenses	-	297,900.00
20%fund account expenses	91,636,721.00	81,085,278.20
Total General Expenses	172,775,649.00	193,932,431.20

22. Finance Costs

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Investments at fair value	-	-
Total gain	-	-

Thika Level 5 Hospital (Kiambu County Government)
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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	23,835,686.00	22,830,323.00
Total Gain/Loss	23,835,686.00	22,830,323.00

26. Impairment Loss

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Property, plant, and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	Period ended June 30 2024	Comparative Period prior year	Prior Year audited
	Kshs	Kshs	Kshs
Current accounts	6,067,345.00	2,334,396.16	2,334,396.16
On - call deposits	-	-	-
Fixed deposits accounts	-	-	-
Cash in hand	-	-	-
Others(<i>specify</i>)- Mobile money	-	-	-
Total cash and cash equivalents	6,067,345.00	2,334,396.16	2,334,396.16

Notes to the Financial Statements (Continued)

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

Description		Period ended June 30	Period ended June 30
Financial institution		2024	2023
	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank-FIF	1157019552	3,938,985.00	85,708.78
Kenya Commercial bank-NHIF	1256599956	891.00	1,182.00
Family Bank-Grant Account	005000067439	34,345.00	36,145.38
mpesa account	paybill	223,647.00	1,054,412.00
Bank Account-Revenue Account	001000053774	1,869,462.00	1,156,933.00
CO-OP Account-01141371994600	01141371994600	15.00	15.00
Sub- total		6,067,345.00	2,334,396.16
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		6,067,345.00	2,334,396.16

28. Receivables From Exchange Transactions

Description	Period ended June 30	Period ended June 30
	2024	2023
	Kshs	Kshs
Medical services receivables	708,269,278.00	563,509,473.86
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	708,269,278.00	563,509,473.86

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Analysis of Receivables From Exchange Transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	144,759,805.00	20.44%	60,298,222.00	10.70%
Between 1- 2 years	60,298,222.00	8.51%	149,683,726.00	26.56%
Between 2-3 years	149,683,726.00	21.13%	173,991,992.00	30.88%
Between 3-4 years	173,991,992.00	24.57%	123,876,851.86	21.98%
Over 4 years	123,876,851.00	17.49%	55,658,682.00	9.88%
	55,658,682.00	7.86%		
Total (a+b)	708,269,278.00		563,509,473.86	

29. Receivables From Non-Exchange Transactions

Description	Period ended June 30	Period ended June 30
	2024	2023
	Kshs	
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%

30. Inventories

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Non-Pharmaceutical supplies	27,497,166.00	23,780,656.00
Pharmaceutical supplies	-	13,590,694.40
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	897,941.00	1,017,933.00
General supplies	3,450,120.00	1,923,575.00
Less: provision for impairment of stocks	-	-
Total	31,845,227.00	40,312,858.40

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land Kshs	Buildings and Civil works Kshs	Motor vehicles Kshs	Furniture and Fittings Kshs	ICT Equipment Kshs	Plant and medical equipment Kshs	Capital work in progress Kshs	Total Kshs
Cost								
As at 01/07/ 2023(beginning of the year)	-	-	-	1,336,800.00	4,730,000.00	5,332,822.00	-	11,399,622.00
Additions during the year	-	-	-	-	1,710,000.00	930,000.00	-	2,640,000.00
Disposals during the year	-	-	-	-	-	-	-	-
Transfers/adjustments during the year	-	-	-	-	-	-	-	-
As at 30 June 2024 (close of the year)	-	-	-	1,336,800.00	6,440,000.00	6,262,822.00	-	14,039,622.00
								-
As at 01/07/ 2023(beginning of the year)	-	-	-	-	-	-	-	-
Additions during the period	-	-	-	-	-	-	-	-
Disposals during the period	-	-	-	-	-	-	-	-
Transfer/adjustments during the period	-	-	-	-	-	-	-	-
As at 30 June 2024 (close of the current period)	-	-	-	-	-	-	-	-
								-
Depreciation and impairment								-
As at 01/07/ 2023(beginning of the year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
As at 30 June 2024 (close of the year)	-	-	-	-	-	-	-	-
As at 01/07/ 2023(beginning of the year)	-	-	-	-	-	-	-	-

Thika Level 5 Hospital (Kiambu County Government)

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Depreciation for the period	-	-	-	-	-	-	-	-
Disposals for the period	-	-	-	-	-	-	-	-
Impairment for the period	-	-	-	-	-	-	-	-
Transfer/adjustment during the period	-	-	-	-	-	-	-	-
As at 31 June 2024 (close of the current period)	-	-	-	-	-	-	-	-
								-
Net book values								-
As at 30 June 2023 (end of prior year audited)	-	-	-	1,336,800.00	4,730,000.00	5,332,822.00	-	11,399,622.00
As at 30 June 2024 (end of prior year audited)	-	-	-	1,336,800.00	6,440,000.00	6,262,822.00	-	14,039,622.00

Thika Level 5 Hospital (Kiambu County Government)
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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	Period ended June 30 2024	Period ended June 30 2023
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the period	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the period	-	-
NBV	-	-

33. Investment Property

Description	Period ended June 30 2024	Prior year audited
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	-	-
At end of the period	-	-

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2023-2024 KShs	2022-2023 KShs		
Trade payables	576,132,616.00	499,025,027.55		
Employee dues	15,138,271.00	-	-	
Third-party payments (e.g. unremitted payroll deductions)	-	-	-	
Audit fee	-	-	-	
Doctors' fee	-	-	-	
Total trade and other payables	591,270,887.00	499,025,027.55	499,025,027.55	-
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	138,862,362.00	23.49%	127,151,957.00	25.48%
1-2 years	100,693,522.00	17.03%	196,658,403.00	39.41%
2-3 years	176,500,336.00	29.85%	89,088,253.00	17.85%
Over 3 years	175,214,667.00	29.63%	86,126,414.00	17.26%
Total	591,270,887.00	%	499,025,027.00	

35. Refundable Deposits from Customers/Patients

Description	2022-2023	
	KShs	
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (<i>specify</i>)	-	1,379,179
Total deposits		1,379,179.00
Ageing analysis:	Current FY	% of the Total
Under one year	-	%
1-2 years	-	%
2-3 years	1,379,179.00	100.00%
Over 3 years		%
Total	1,379,179.00	%

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Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	-
Additional Provisions for the period	-	-	-	-
Provision utilised during the period	-	-	-	-
Change due to discount & time value for money	-	-	-	-
Total provisions at the end of the period	-	-	-	-
	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

37. Finance Lease Obligation

Description	Period ended June 30 2024	Prior year audited
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

38. Deferred Income

Description	Period ended June 30 2024	Prior year audited
	Kshs	Kshs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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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
Balance b/f	-	-	-	-
Additions during the period	-	-	-	-
Transfers to Capital fund during the period	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (Specify)	-	-	-	-
Balance C/F	-	-	-	-

39. Borrowings

Description	Period ended June 30 2024	Prior year audited
	Kshs	Kshs
Balance at beginning of the year	-	-
External borrowings during the period	-	-
Domestic borrowings during the period	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

Description	Period ended June 30 2024	Prior year audited
	Kshs	Kshs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	Period ended June 30 2024	Prior year audited
	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 during the period	-	-
Service concession liability at end of the period	=	=

41. Social Benefits

Description	Period ended June 30 2024	Prior year audited
	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	-	-
Total	-	-
		-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

	Period ended June 30 2024	Comparative period
	Kshs	Kshs
Surplus for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from/used in operating activities	-	-

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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:

At 30 June 2023(previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2024 (current year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 xxxx. 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	At 30 June			
	2023	2023	2024	2024
At 30 June 2023				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2024				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

At 30 June 2024			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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Notes to the Financial Statements (Continued)

Description			
At 30 June 2024			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

The following table demonstrates the effect on the 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			
2024(previous year)			
Euro	10%		
USD	10%		
20XX (current year)			
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.

Thika Level 5 Hospital (Kiambu County Government)
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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

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

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Description		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

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

Description		
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

47. Capital Commitments

Description		
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have

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been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. in the External Audit Report	Issue/Observation	Management Comments	Status	Timeframe (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources fund
1							
2							
3							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Summary of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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.....

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (Kshs)	Comments