

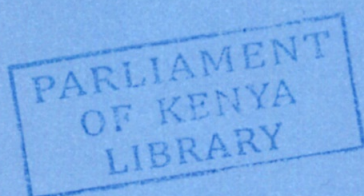
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

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THE AUDITOR-GENERAL

ON

**NYERI PROVINCIAL GENERAL
LEVEL 5 HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NYERI



NYERI PROVINCIAL GENERAL LEVEL 5 HOSPITALS
(Nyeri County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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



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I. Key Entity Information and Management

(a) Background information

- Nyeri Provincial General Hospital is a level (5) hospital established under gazette notice number 1183 and is domiciled in Nyeri County under the Health Department. The hospital is governed by a Board of Management.
- The hospital started in the early 1930s as a military hospital and it was referred to as a regional Native Hospital.
- 5th July 1945 maternity ward was opened by His Excellency Sir Philip Mitchell, then the Governor of Kenya Colony.
- 8th November 1969 the outpatient department was opened by the late President Mzee Jomo Kenyatta.
- The current outpatient department comprising laboratory, dental, pharmacy and the new maternity block was opened in the year 1982 by His Excellency then the president of Kenya Daniel T. Moi.
- Outpatient services includes MCH/ F/P, specialist clinics, counselling, curative and rehabilitative services, GBV, laboratory, X-ray, Dental, ophthalmology, oncology service renal dialysis, and psychiatry services
- Inpatient services includes 17 wards, maternity services, ICU services, HDU, and theatre services. It has a bed capacity of 262 beds and 53 baby-cots. On average the percentage occupancy is 94%
- This is the referral hospital for the county.

(b) Principal Activities

The principal activity/mandate of Nyeri Provincial General Hospital is to provide quality preventive, promotive, curative, and rehabilitative health services to all our clients with dignity, professionalism and within the shortest time possible.

VISION

A referral centre of excellence offering comprehensive health care services and training

MISSION

To improve health and welfare of the population in the region by offering affordable, equitable and accessible health care services through provision of specialised, quality healthcare, medical training and research.

CORE VALUES

Nyeri County Referral Hospital is guided by the following values: -

- Professionalism
- Customer Focus
- Integrity
- Honesty
- Punctuality
- Teamwork
- Innovativeness

(c) Key Management

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

County department of health

- a) Coordinate the provision of preventive, promotive, curative, rehabilitative and palliative health services
- b) Develop county health policies, strategies, laws and programs and coordinate their Implementation
- c) Liaise with regulatory bodies in the enforcement of norms, standards and best Health practices
- d) Coordinate implementation of national health policies and laws at the county level;
- e) Coordinate public and private sector health programs and systems at the county level.
- f) Ensure compliance with norms and standards for health facilities and health services
- g) Ensure the implementation of rights to health specified in the Bill of Rights, more particularly the progressive realisation of the right of all to the highest attainable standard of health including reproductive health care and the right to emergency treatment;

- h) Develop and implement measures to promote equitable access to health services to the entire population, with special emphasis on eliminating the disparity in health services for the minority, special group, marginalised and disadvantaged populations.
- i) Manage day to day human resources under the Department
- j) Facilitate capacity building and professional development for health service personnel
- k) Promote public private partnership to ensure efficient and harmonious development in the common interest to work towards progressive achievement of the right to health
- l) Oversee the management and governance of county health facilities and facilitating their development;
- m) Licence and control undertakings that sell food to the public
- n) Control the management of cemeteries, funeral homes and crematoria
- o) Develop county policies and laws for control of health risk factors and initiating relevant mitigating measures and programs in collaboration with other agencies;
- p) Ensure and coordinate the participation of communities in the governance of health services so as to promote a participatory approach in health care governance.
- q) Promote realization of health rights;
- r) Procure and manage medical supplies and commodities;
- s) Develop and manage the county health referral system including ambulance services;
- t) Ensure that the purpose of the health services Act and the principles of health services providers are realized;
- u) Facilitate registration, licensing and accreditation of health service providers and health facilities respectively according to standards set by the national ministries responsible for health and relevant regulatory bodies;
- v) Coordinate and conduct high quality and ethical research and ensure dissemination of research findings;
- w) Coordinate health activities in order to ensure complementary inputs, avoid duplication and provide for cross-referral, where necessary to and from institutions within the county and between counties;
- x) Provide for the development, strengthening and expansion of a county health information management system.

Board of Management

The key functions of the hospital management board includes

- Overseeing Hospital Performance Improvement
- Participating in planning for the Hospital activities.
- Mobilizing resources
- Overseeing the Financial Operation of the Hospital
- Ensuring Development of Hospital Human Resources
- Ensuring communities' rights are fulfilled and their needs are adequately met
- Maintaining a Positive Public Image
- Ensuring compliance with environmental regulations and standards
- Enhancing External Relationships and partnerships
- Mitigating Potential Conflicts of Interests
- Risk Management
- Regulatory Compliance

Medical Superintendent

Takes overall responsibility in the day to day running of the Hospital on behalf of the Board of Management by;

- a) Providing visionary and transformational leadership
- b) Overseeing the implementation of the Boards resolutions
- c) Providing support to the Board of Management for effective oversight
- d) Evaluate the hospital's long term healthcare service effectiveness
- e) Review and recommend appropriate actions for strategic operational plans and policies
- f) Review performance improvement activities and patient's safety efforts
- g) Identify, evaluate and implement the scope of services, practice and governance of the hospital
- h) Prudent management of resources
- i) Formulating long-term strategies and business plans

j) Monitoring and evaluating performance

HOSPITAL MANAGEMENT

The Hospital Management Team comprises in-charges of the various departments within the hospital mainly Clinical Medicine, Nursing, Radiology, Laboratory, Health Records, Physiotherapy, Occupational Therapy, Theatre, Bio Medical Engineering and others. The team is headed by the Medical Superintendent.

The Hospital's responsibility is to offer the highest quality of health services as envisaged in the Kenya constitution, 2010 and the social-economic blueprint, (Vision 2030).

Hospital Management Team (HMT)

- HMT comprises the Medical Superintendent and the heads of the main hospital departments.
- HMT is responsible for the day to day operations of the hospital.
- HMT prepares work plans and reports and presents them to the Hospital board for their adoption and approval.
- Hospital management board participates actively in planning, coordinating and making decisions
- Medical Superintendent is a chairperson of the HMT and also the Secretary to the Board.

(d) Fiduciary Management

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

	Designation	Name
1	Medical Superintendent	Dr Pauline Kamau
2	Deputy Medical Superintendent	Dr Shaban Saidi
3	Hospital Director	Caroline Gichuki
4	Nursing services manager	Agnes Gichogo
5	Hospital Administrative Officer	Monicah Mwangi
6	Head of Procurement	Alice Nderitu
7	Head of finance	Joan Kang'ethe

(e) Fiduciary Oversight Arrangements

The key oversight arrangement is provided by the various operational committees whose mandate is to supervise a specific area of service delivery.

The membership of the committees is drawn from the Hospital Management Team Members who are Team Leads of their respective departments.

Below are some of the Committees that offer this Fiduciary oversight role;

- Quality of Care Committee.
- Integrity and Ethics Committee.
- Clinical Research and Standards Committee.
- Cost-sharing committee.
- Infection/Prevention Committee.
- Customer Satisfaction Evaluation Committee.
- Training Committee & others.
- Other oversight committees

(f) Entity Headquarters

Nyeri Provincial General Hospital
P.O. Box 27-10100
Along Kangemi Road, Nyeri Town
Nyeri, Kenya

(g) Entity Contacts

Telephone: (+254) 724249693
E-mail: admin@nyerireferralhospital.or.ke
Website: under construction

(h) Entity Bankers

Kenya Commercial Bank
Nyeri Branch
P.O Box 840-10100
Nyeri.

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

Kimani Rucuiya
P.O. Box. 1112-10100
Nyeri, Kenya

II. The Board of Management

	Board Members	Details
1.	Mr Anthony Maina Mithanga 	He is a Professional with a strong ICT background. He enjoys over 20 years of experience in implementing business solutions for both Private & Public institutions He is the current Chairman & Managing Director of Biometric Technology Limited, a regional Security Surveillance Company based in Nairobi, Kenya. He is the founding and Managing Consultant of Spasys Limited, a global Management consulting, technology services and outsourcing company based in Nairobi, Kenya. He holds a bachelor of Science degree from the University of Nairobi and is an alumnus of Mangu High School.
2.		He is a Parish Priest at the St. Peter & Apostle Kabiruini Catholic Parish He is an Assistant Youth Chaplain at Nyeri Diocese. He also serves as the Assistant Parish Priest at the Holy Cross Ngandu Catholic Parish. He is a Director at the St. Ann Academy Ngandu. He received his Diaconate ordination on 20th April, 2013 and Priestly ordination on 23rd November, 2013. He has served as a Catholic Deacon at Ithenguri & Giakaibei Parish
3.		He holds a Second class Honours, (Upper division). Bachelor of Science degree in Information Technology from Moi University. He is a Specialist in Website design and Administration, Computer Maintenance & networking, Database management & Computer programming. He has worked in his professional field in different capacities since 2018 He has held leadership positions in various organisations
4.		She holds a PHD in Human Resource Management Has served as a Branch Manager of the National Hospital Insurance Fund (NHIF) Embu, Thika, Limuru, Westlands & Buruburu branches .

	Ms Winnie Mbugua 	Partners with the County Government of Nyeri in Registration of Residents in benefitting from the Universal Health Coverage. She was instrumental in establishing NHIF central regional office. She has played a key role in establishing Gender mainstreaming in N alongside its other functions. She played a major role in the establishment of Nyahururu, Maralal, Mwea, and Ruiru NHIF offices.
5.	Dr Loise Wagana 	Bachelor of Medicine & Bachelor of Surgery University of Nairobi November, 2001. She holds a Master Of Medicine (Internal Medicine) University of Nairobi December, 2008. Worked as a Provincial Physician Central Province and Nyeri Provincial General Hospital from April 2002 to 2011. 2011. She has worked as a Medical Superintendent at Nyeri County Referral Hospital from November 2010 to June, 2011. Currently she is a Consultant Physician , Cardiologist working as a Private Practitioner in Nyeri , Kenya following a Fellowship in Clinical Cardiology Intervention Cardiology, Madras Medical Mission India, (Dec, 2017)
6.	Dr. Nelson Muriu 	He is the Director of Health services in Nyeri County. Msc in applied epidemiology (JKUAT) MBChB(UON) Member of Kenya Medical Association and Kenya field epidemiology society
7.	Dr Pauline Kamau 	Medical Superintendent Secretary to the board

III. Management Team

		Details
1.	Dr Pauline Kamau 	Holder of Master of Arts in Project Planning and Management and Bachelor of Pharmacy Overall in charge of both Clinical and Administrative functions of the hospital.
2.	Dr Shaban Saidi- Deputy Medical Superintendent 	Holder of MBChB MMed (Surgery) FPRS Plastic and reconstructive surgeon Head of clinical services
3.	Caroline Gichuki - Hospital Director- 	Holds a Masters in Health Administration from the University of Applied Science, Neu-Ulm (Germany) and a diploma in Hospital Management from the same University. Have been trained on Senior management by the Kenya School of Administration. Head of the general Administrative function of the hospital.
4.	Monicah W Mwangi - Health Administrative Officer 	Holds a Bachelors of Commerce degree (Human Resource option) from Kenyatta University. She also holds an Advanced diploma and Diploma in Business Administration from The Association of Business Executives (ABE) U.K Responsible for overseeing the non-medical administrative functions in the facility

5.	Agnes Gichogo - Nursing services Manager 	Holds a Masters in project planning and Management from the University of Nairobi. Holds a Bachelor's degree in Nursing from the University of Dundee and Diploma in Kenya Registered Community Health Nursing from KMTC Nairobi Provides leadership in nursing practice within the hospital
6.	Joan Kang'ethe- Head of Finance 	Bachelor of commerce in Finance, University of Nairobi and CPA K Senior Management Course- Kenya School of Government Overseas expenditure and revenue management Ensure adherence to financial guidelines and policies
7.	Alice Nderitu-Head of procurement 	Higher Diploma in supply chain management- Kenya School of Government. Diploma in supply chain management-Kenya School of Government Senior management Course- Kenya school of Government Ensuring compliance on procurement procedures regulations

IV. Chairman's Statement

In my capacity as the chairman of the board, it is my pleasure to present the Nyeri Provincial General Hospital's Annual Report and financial statements for the year ended 30th June 2022.

Institutional Performance

Nyeri County Health Service Fund, 2021 enactment envisioned to improve health care service delivery with its expectation being to transform the health sector and enhance the efficacy in service delivery. The year began with implementation of the Health Service Fund (HSF) whose main aim is to improve the quality of health care services- the fund guarantees that health facilities have better access to financial resources ensuring uninterrupted service delivery to Nyeri residents. Overly, the hospital achieved a revenue of Kshs **180,360,130.00** compared to 2020/2021 which represents a growth of 22%. In addition, we received the county transfer amounting to **Kshs 35,000,000.00**, the hospital marginally succeeded to meet the requirements in terms of purchase of medical products, operations and maintenance and provide for preventive and maintenance. Being the first year of implementation of the HSF, in my opinion, the institution has the momentum to grow now more than at any other time in our history.

The Nyeri Provincial General Hospital serves as the referral health facility within the county and around the Central region. It prides itself in offering among other services quality specialised health care services including neurosurgery, orthopaedic surgery, plastic surgery (reconstructive surgery), burns management, critical care services, new-born services, ophthalmology, oncology, palliative care, dialysis services among others.

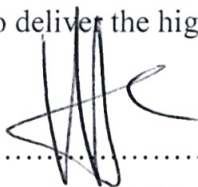
I am particularly impressed by the tenacity and resilience of the staff coupled with their commitment to delivering the best possible service to patients. The teams have remained steadfast in the provision of quality health service despite the COVID 19 pandemic. By using up to date guidelines on case management of COVID 19, the health care providers have ensured the containment and management of suspected and confirmed COVID 19 cases.

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the Hospital. The Kenya Constitution, 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment. I would therefore wish to acknowledge the role and dedication of the Management team in ensuring that our institution continually adds value to our clients and all the stakeholders

The hospital has continued to experience challenges such as staff attrition, absence of robust health management information system (HMIS) and infrastructure limitation which calls for more resources towards and continuous improvement of the quality of services to the clients. In response to this, the Board remains focused on providing resources and supporting initiatives that will sustain Nyeri PGH in a leadership position in the healthcare sector.

On behalf of the Board, I would like to thank all our stakeholders especially the Ministry of Health, The County Government of Nyeri especially the Department of Health and all partners in health for the support they continue to accord the hospital without which our achievements would not have been realized. I would like to express my gratitude to Nyeri PGH staff, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

I look forward to the years ahead and I am confident that we will make great strides together in ensuring we continue to deliver the highest level of safe, quality and efficient healthcare services to our clients.



.....
Mr. Anthony Maina Mithanga
Chairman,
Nyeri PGH Management Board

Report of the Medical Superintendent

I am pleased to present to you the annual report and financial statements for the year ended June 30, 2022 in terms of operational performance, financial outlook and strategic direction.

Operational performance

The hospital in its capacity as a level V health facility provides specialized healthcare services. The hospital serves as a referral facility within the county with a catchment area projected population of 113,719 and also across the region.

The hospital management facilitated the implementation of the Annual Work Plan (AWP) 2021/2022 through the various service delivery units. Subsequently within the year in question, the management prepared the AWP 2022/2023 setting targets on key performance indicators.

In the year 2021/2022, the hospital attended to 142,810 patients of whom 6,817 were inpatients. This was a decline of 13.7% outpatient and 31.6% inpatient attendance in comparison with the previous financial year attributable to persistent effects of COVID 19 pandemic and the aftermath of the end of pilot phase of UHC.

The hospital boasts of a diverse pool of medical specialists among many other health care workers who ensure safe, timely, equitable, efficient, effective and patient centered service delivery.

Notably, during the year the hospital received two (2) specialist Cuban doctors namely the nephrologist and vascular surgeon as part of a medical exchange programme following a bilateral agreement between the two countries. During the year, the surgical team among many other surgeries successfully reconstructed a patient's tongue following cancer of the tongue. The mortality rate stood at 6 deaths per 1000 population compared to 4 deaths per 1000 population in the previous year.

In recognizing the importance of specialized laboratory services, the facility successfully applied for reaccreditation of the hematology, biochemistry services. In addition, the hospital applied for the accreditation of the microbiology services. This was done in a bid to enhance efficiency in the provision of quality laboratory diagnostic services.

The hospital management further conducted an annual laboratory management review meeting in February, 2022 in line with the requirements by ISO 15189:2012 standards for accreditation with the aim to review quality assurance activities for monitoring and evaluation.

The hospital management successfully conducted a Vesico Vaginal Fistula (VVF) Medical camp between 18th November-5th December, 2021 and a total of 205 patients were screened. The camp was proudly organized and run in partnership by Flying Doctors Society of Africa (FDSA), M-pesa Foundation, Royal Media Services and County Government of Nyeri. During this camp a total of 65 surgeries were successfully conducted.

The World Kidney Day was commemorated on 14th March, 2022 and the facility organized a free screening camp to mark the day whose theme was ***Bridge the knowledge gap to better kidney care***

The day was marked by conducting a health talk and screening involving routine laboratory investigations. The exercise attracted health workers where a total of 189 clients were screened.

Nyeri Provincial General Hospital has embarked on aspects of patient safety which is an integral component of health service delivery. The strategy was done by strengthening the functions of Infection Prevention and Control (IPC), Antimicrobial Stewardship (AMS), Occupational Safety and Health (OSH) and Quality Improvement Teams (QIT). The ultimate goal is to enhance monitoring and evaluation of key performance indicators of critical service delivery data in order to assess the quality of care.

The hospital in partnership with Pharm Access conducted the Safe Care Assessment on 20th September, 2022 on Safe Care Standards to measure and improve the quality, safety and efficiency of its services.

The Safe Care standards are accredited by the International Society for Quality in Health Care External Evaluation Association (IEEA), a global leader in quality improvement. The Safe Care standards cover a full range of clinical and management functions, as well as infrastructural and ancillary services (e.g. utility service and cleaning), enabling a holistic view of all components required for safe and efficient healthcare provision. This assessment recorded that the overall facility scores of 48 which resulted in a Level 3 certificate. Safe Care certificates reflecting the quality level, ranging from 1 to 5. The certification process aims to introduce a positive, encouraging rating system which recognizes intermediate achievements on the quality journey.

Nyeri PGH Level 5 hospital in response to the COVID 19 pandemic embarked on promotion of the infection prevention and control measures, strengthening of screening and continued vaccination campaign in order to combat the spread of the infection. The hospital provided all the vaccines as first, second and booster doses.

We continued to provide training opportunities in diverse topic areas in order to build the capacity of our staff on various clinical and non-clinical aspects both on internal platforms e.g. CPD accredited hospital Continuous Medical Education and external workshops.

We established a mechanism for receiving and resolving customer feedback through strengthening of the hospital complaints and compliments committee and involvement of the public relation team. This is intended to enhance patient –caregiver engagement.

Financial Outlook

The hospital has relied heavily on the internally generated revenue to meet the cost of operations and maintenance; the largest component being cost sharing revenue established under the Nyeri County Health Services Fund Act, 2021.

During the year under review, the hospital generated Kshs **180,360,130.00**. This is a growth of **22 %** over and above the previous year's internally generated revenue. With these resources, the hospital was able to achieve 40% allocation for the purchase of health commodities.

Despite the growth in revenue, the hospital recorded a funding gap during the year. This was attributed by the pull out of financial support by the county which was mainly in purchase of medical products and payment of utility bills. The funding gap has continued to adversely affect the financial sustainability of the institution.

Strategic Direction

The management seeks to ensure that the available resources in the hospital are optimized and wastage is minimized.

The Hospital Management has recommended review of some of the service charges. This is where the rates charged are too low to sustain the services offered.

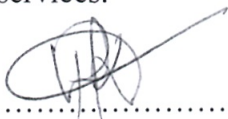
In addition, the Management team seeks to institute cost cutting strategies in the area of water and electricity conservation. The team has embarked on addressing more sufficient and efficient sources both water & electricity which takes quite a substantial portion of the hospital budget.

The hospital shall embark on the development of a 5-year strategic plan that should serve as a roadmap in the resources management, execution of various key priority projects and monitoring and evaluation.

Acknowledgement

On behalf of the hospital management, I would like to sincerely thank the entire Nyeri PGH staff fraternity for their tireless dedication and commitment towards the delivery of services to the clients that seek services in the hospital. Special gratitude to the Board of management and the County Government of Nyeri for your guidance and supervision in the execution of our duties in healthcare delivery

And most importantly, to our clients, who continually and with a lot of faith seek our quality, safe, efficient and timely services.



.....
Dr, Pauline W. Kamau

Medical Superintendent, Nyeri PGH

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 County Government entity's performance against predetermined objectives.

Nyeri PGH draws its strategic themes and objectives within the current Strategic Plan for the Nyeri County Department of Health strategic plan FY 2018/19- FY 2022/23. These strategic pillars/ themes/ issues are as follows;

Program area: Curative and rehabilitative Health services

Program area: Preventive and promotive Health services

Program area: General administration, planning, management support and coordination

Nyeri PGH developed its annual work plans based on the above 3 program areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Nyeri PGH* achieved its performance targets set for the FY 2021/2022 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Preventive and promotive Health services	Eliminate communicable conditions	1) Proportion of HIV + pregnant mothers receiving preventive ARVs to reduce risk of mother to child transmission (PMTCT)	Facilitate outreach and in-reach services Health promotion outreaches Health education	100%
		2) Proportion of pregnant women receiving TT2 plus immunisation		84.3%
		3) Number of pregnant women receiving IPT2		0
		4) % Children under one		

Nyeri Provincial General Hospital (County Government of Nyeri)
Annual Report and Financial Statements Ended 30th June 2022

		year of age fully immunised 5) Children under one year of age distributed with long lasting insecticide treated nets (LLITNs) in endemic and epidemic districts 6) Number of pregnant women distributed with LLTN s in endemic and epidemic districts 7) Proportion of people receiving MDA for schistosomiasis 8) Number of TB patient completing treatment 9) Number of TB patients tested for HIV' 10) Number of newly diagnosed TB cases		74% 0 0 423 378 300
Preventive and promotive Health Services	Halt and reverse increasing burden of Non communicable conditions	1) Proportion of adult OPD clients with BMI of more than 25 2) Proportion of women of reproductive age (WRA) screened for cervical cancer 3) Number of new outpatients with mental health conditions per	Facilitate outreach and in-reach services Health promotion outreaches Stock adequate supplies of health products Lobby for additional health workers Capacity building of the health workers	0 1.5% 3108 per 100,000

		100,000 4) Number of new outpatient found with high blood pressure per 100,000	Supply adequate screening equipment Increase the range of screening equipment/services	640 p 100,000
Curative and rehabilitative Health services	Reduce the burden of violence and injuries	1) % of new outpatient cases attributed to gender based violence 2) % of new outpatient cases attributed to road traffic accidents 3) % of new outpatient cases attributed to other injuries 4) Number of patients with injury related conditions dying in the facility	Procurement of the required products Establish blood transfusion unit in the hospital Collate information on health actions at this level of care Sensitize and train the Health workers on documentation and data consumption Construction/ renovation and equipping treatment and rehabilitation center	0.3% 0.6% 24.5% 42
Curative and rehabilitative Health services	Provision of essential medical services	1) % of pregnant women attending at least 4 ANC visits 2) % of WRA receiving family planning commodity 3) % of pregnant women getting iron supplements 4) % of deliveries conducted by skilled	Procurement of required health products Training and lobbying for the recruitment of HCWs Lobby for one utility vehicle Lobby for a proper ambulance	97.6% 6% 45.5%

		attendants in health facilities		99.3%
		5) Number of children under five dying in health facility		27
		6) Fresh stillbirths per 1000 births		35
		7) Facility maternal deaths per 100,000 deliveries		2
		8) % surgical cold cases operated		62%
		9) % of new-borns with low birth weight (LBW-less than 2500 grams) per 1000 births		10.7%
		10) % of Children under five years of age attending child welfare clinics for growth monitoring (new cases)		18%
		11) Number of households provided with health promotion messages		N/A
		12) Proportion of clients tested for HIV amongst 1st ANC attendees		97.1%
Preventive and Promotive	Minimize exposure to health risk	Percentage of children 0-5 (<6 months) months who were exclusively breastfed	Provide isolation rooms Procurement of required PPEs	1.5%

Health Services	factors		Sensitize and avail the necessary vaccines Immunization of HCWs and community	
	Strengthen collaboration with health related sector	1) Proportion of children under five years of age attending child welfare clinics who are underweight 2) Proportion of children under five years of age attending child welfare clinics who are stunted 3) % of households with functional toilets 4) % of household with handwashing facilities	Network activities with other sectors Establishment of a liaison office	12.2% 1.39% N/A N/A

Corporate Governance Statement

Introduction

The Nyeri PGH board of management's structures, procedures and procedures are anchored on accountability, transparency, responsibility and fairness which are the principles of good corporate governance.

The board adheres to the code of governance prescribed in Mwongozo (The code of Governance for state corporations, County Government Health Service Fund Act, 2021 and other Government guidelines.

Board of Management

The Nyeri PGH's board of managements appointment and composition is in accordance with the provisions of the Nyeri County Government Health Services Fund Act, 2021 and is composed of seven (7) members.

The composition of the current board takes pride in competent, diverse and qualified members capable of exercising objective and independent judgement. Its composition considers diversity in gender, religion, persons living with disability and cultural background.

Appointment of the board

The board members are appointed by H.E the Governor, County Government of Nyeri. They each serve for a maximum of two terms of three (3) years and are not eligible for another term.

The names of all members and changes thereto are published in the Kenya Gazette.

Board of management composition

The members of the board of management who served during the year are as shown below

Board member	Board Position	Appointment date	Retirement date
Mr. Anthony Maina Mithanga	Chairperson	September, 2019	September, 2022
Fr. Charles Macharia	Member	September, 2019	September, 2022
Dr Loise N. Wagana-Muriithi	Member	September, 2019	September, 2022
Mr. Joseph Kagunda Mwangi	Member	September, 2019	September, 2022
Ms. Winnie Mbugua	Member/NHIF Representative	September, 2019	September, 2022
Dr Nelson Muriu	Member/County Director of Health	September, 2019	September, 2022
Dr Pauline Kamau	Secretary/Medical Superintendent	September, 2021	September, 2022

The board of management biographies are shown on page xii - xiii

Role of the Chairman

The Chairman is responsible for the strategic leadership of the board and is pivotal in creating conditions for the overall effectiveness of the board, promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively. He ensures that the Board plays a full and constructive part in the development and determination of the Hospital's strategies and policies. The chairman ensures that board

Meetings are held as and when necessary and members are supplied with accurate, timely and sufficient information to enable them to discharge their duties effectively.

Role of the board

- 1) Approve programme and plans of health services
- 2) Prepare an annual budget estimates and plans for recommendations to be adopted by the Fund Board
- 3) Formulate strategies on resource mobilization
- 4) Resolve any conflicts that arise amongst health services whose nature is the allocation of resources, and or joint programme
- 5) Supervise health services, prepare reports and forward to the Fund Board.
- 6) Identify implementation challenges and seek corrective actions
- 7) Make policy recommendations on cost sharing, public awareness on health & administration of the Fund.
- 8) Determine such number of standing committees and composition of ad-hoc committees.

Board meetings

The Chairman, in conjunction with the secretary to board, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting.

In the year under review, the Board held a total of five (5) meetings to consider pertinent issues relating to strategy, institutional performance and sustainability of the Hospital.

Board member	Board Position	No. of board meetings attended
Mr. Anthony Maina Mithanga	Chairperson	5/5
Fr. Charles Macharia	Member	4/5
Dr. Loise N. Wagana-Muriithi	Member	3/5
Mr. Joseph Kagunda Mwangi	Member	5/5
Ms. Winnie Mbugua	Member	1/5
Dr. Nelson Muriu	Member	5/5
Dr. Pauline Kamau	Secretary	5/5

Board Committee

Whilst the functions and composition of the board committee in the enhancing efficiency and effectiveness of the key areas of hospital operations is of paramount importance, the hospital board during the year under review was not able to constitute the board committees due to lack of quorum.

When deemed necessary, the Board constituted an ad hoc committee to consider specific issues and operate on delegated authority without diluting the Board's accountability.

Board of management Evaluation

During the year, the Board did not carry out an evaluation exercise to assess its leadership, effectiveness, accountability, training and relations with stakeholders.

Independence of board of Management

The Board considered the independence of all the Non-executive members of the board, upon the recommendation of the Chair, taking into consideration all relevant relationships and circumstances. They are considered independent in character and judgment and free from any business or other relationship or circumstances that could potentially materially interfere with the exercise of their respective and collective independent judgment.

Key board decisions

In the course of the financial year, the Board made key decisions relating to the following:

1. Ensuring financial sustainability by approving the Hospital's financing requirements, budget and procurement plan for the next financial year.
2. Providing an oversight role to the hospital management activities.
3. Advocacy on resource mobilization.

Accountability and audit

The board is mandated to ensure that the hospital maintains proper, reasonable and accurate accounting records showing and explaining the transactions and financial position of the hospital in compliance with the Public Finance Management Act No. 18 of 2012 and the prescribed accounting standards.

Conflict of interest

Board members during the year under review were bound by the principles of conflict of interest as highlighted below:

- (1) If a member is directly or indirectly interested in an outcome of any decision of the Board or Committee or other matter before the Board or Committee and is present at a meeting of the Board or Committee at which the matter is the subject of consideration, that member shall, at the meeting and as soon as practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter: Provided that, if the majority of the members present are of the opinion that the experience or expertise of such member is vital to the deliberations of the meeting, the Board or Committee may permit the member to participate in the deliberations subject to such restrictions as it may impose but such member shall not have the right to vote on the matter in question.
- (2) A member of the Board or Committee shall be considered to have a conflict of interest for the purpose of this Act if he acquires any pecuniary or other interest that could conflict with the proper performance of his duties as a member or employee of the Board or Committee.
- (3) Where the Board or Committee becomes aware that a member has a conflict of interest in relation to any matter before the Board or Committee, the Board or Committee shall direct the member to refrain from taking part, or taking any further part, in the consideration or determination of the matter.
- (4) If the chairperson has a conflict of interest he shall, in addition to complying with the other provisions of this section, disclose the conflict that exists to the chief officer in writing.
- (5) Upon the Board or Committee becoming aware of any conflict of interest, it shall make a determination as to whether in future the conflict is likely to interfere significantly with the proper and effective performance of the functions and duties of the member of the Board or Committee and the member with the conflict of interest shall not vote on this determination.

Board remuneration

For every Board meeting attended, members are entitled to a sitting allowance, lunch allowance (where lunch is not provided) and transport allowance as determined by the Permanent Public Service Remuneration Management Board. Details of member's emoluments during the year are shown on note 17 in the notes of the financial statements.

Code of conduct & ethics

The board complied with the code of conduct governing public officers during the year under review.

Nyeri County Referral Hospital is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. A formal code of ethics has been approved by the Board and is fully implemented to guide the Board, management, employees and stakeholders on acceptable behaviour in conducting business. All Board members and employees of the Hospital are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital

V. Management Discussion and Analysis

The information on key performance indicators in the hospital shows trends for the last three years

I. Clinical/operational performance

- a) The table below illustrates the Bed capacity of the hospital and average length of stay for in-patients for the last three year

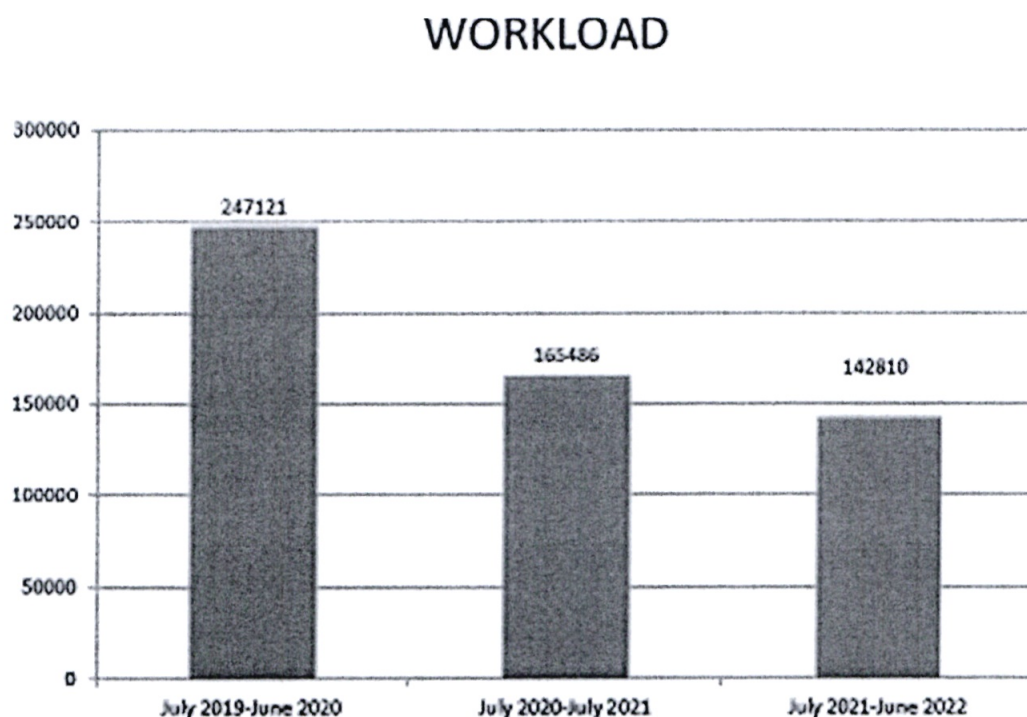
INDICATOR	JULY 2019-JUNE 2020	JULY 2020-JUNE 2021	JULY 2021-JUNE 2022
BED CAPACITY	JULY 2019-FEB 2020=298 COTS 51 MARCH 2020-JUNE 2020=263 COTS 51	262 BEDS 51 COTS	263 BEDS 51 COTS
Average Length of Stay	11	12	19
BED OCCUPANCY	88%	73%	80%

The hospital's bed capacity was reduced in response to COVID 19 containment measures on social distancing and enforced the one patient one bed policy with no bed sharing fore with.

The average length of stay (ALOS) is an indicator of efficiency in the provision of inpatient health care in the hospital. Generally, the average length of stay in the hospital has been increasing (between 2020/21 to 2021/22) this is attributed to prolonged stay by the discharged patients due to lack of resources to pay their outstanding bills.

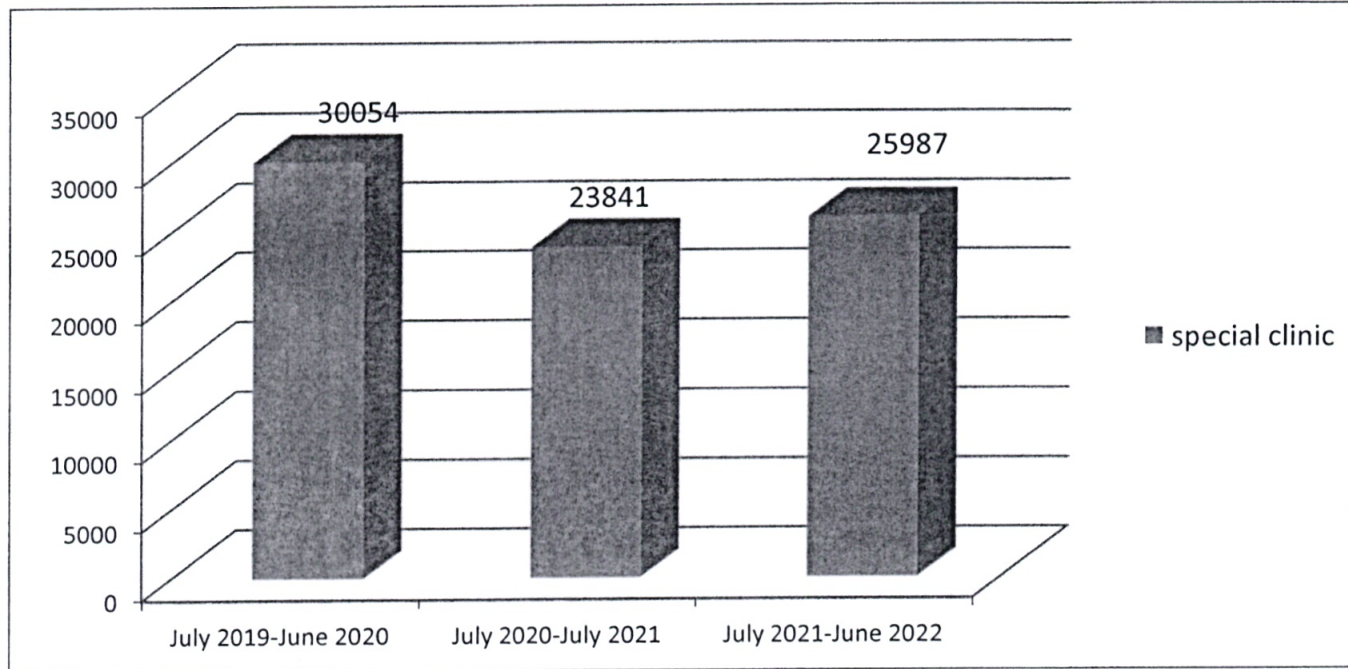
2. The graphs below show the overall patient attendance during the year for both inpatient and outpatient departments.

a) General Outpatient workload



The hospital experienced a slight decline of 13.7 % in overall attendance between the year 2020/21 and 2021/2022. The sharp decline 2019/20 and 2020/2021 is possibly attributed to the aftermath of the end of UHC pilot phase which saw the hospital record very high number of clients in 2019/20.

b) Specialised clinic attendance

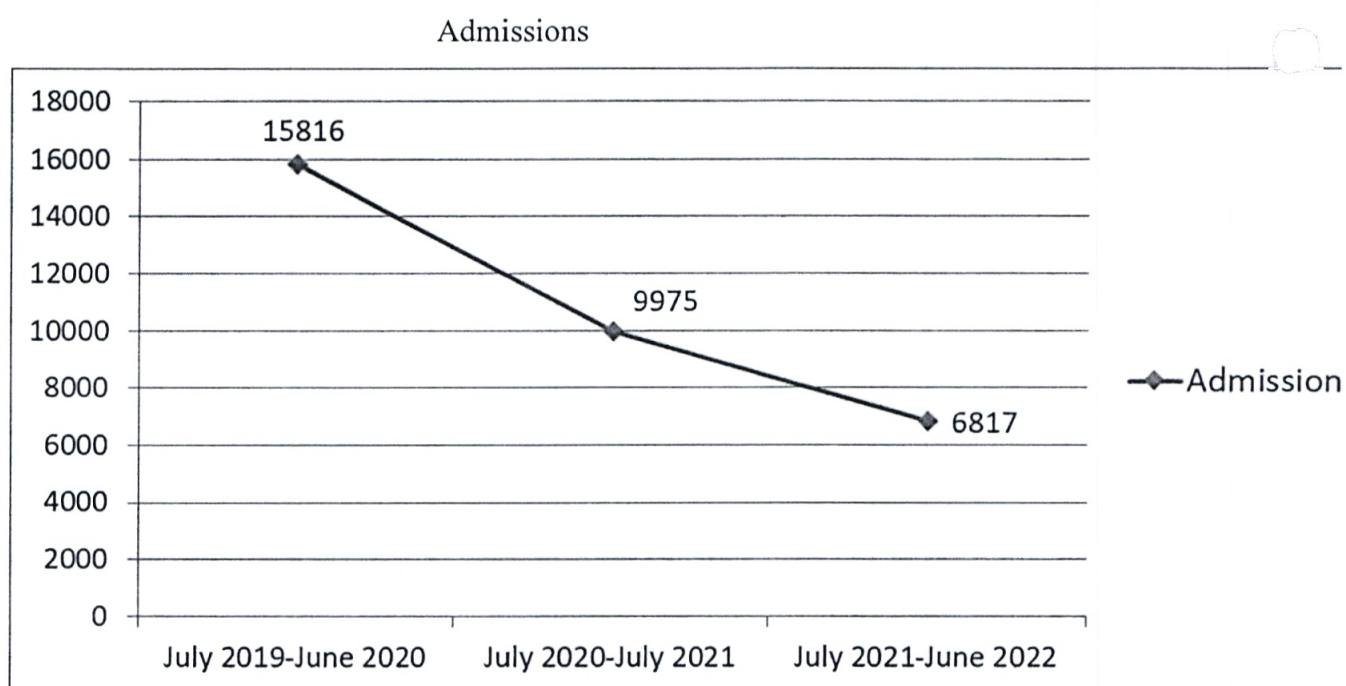


The hospital special clinic attendance has been fairly steady within the three years under review. This is majorly because of the available diverse pool of specialists in attending the clients who require specialized outpatient services.

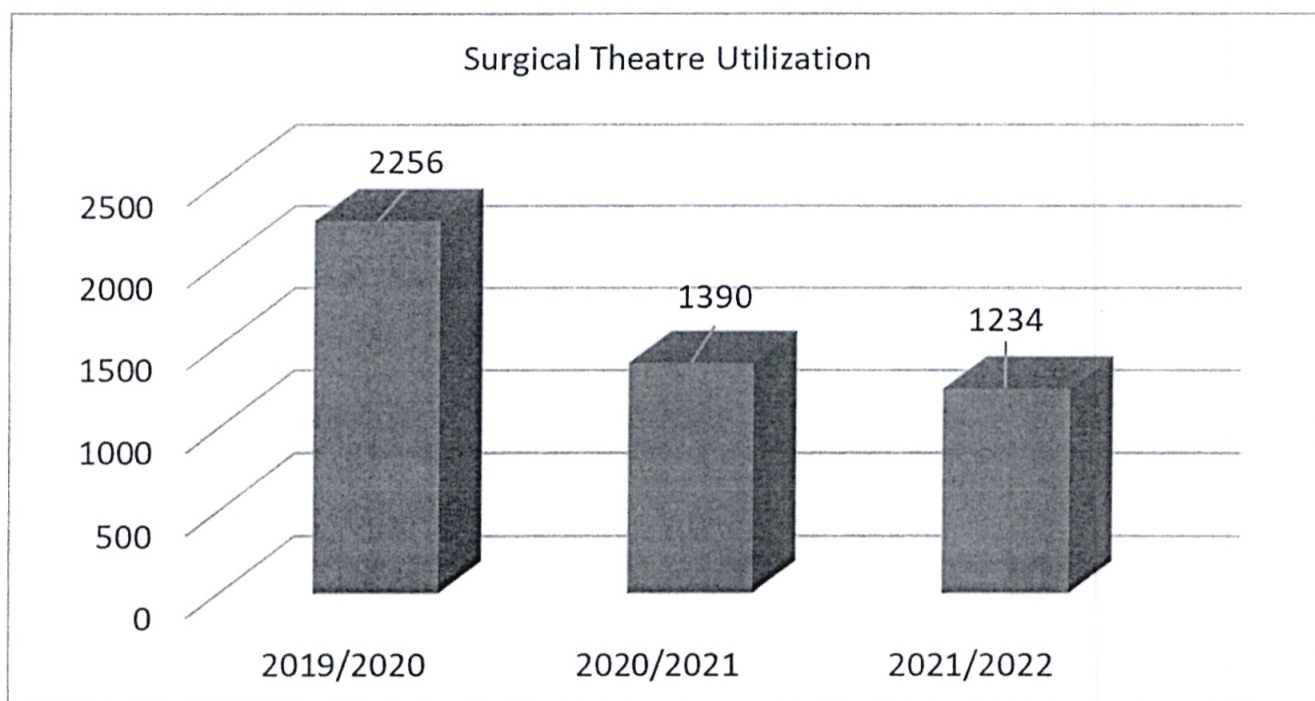
c) Hospital admissions

The hospital admissions as depicted in the graph below recorded a sharp decline over the last three years. Notably most of the clients dropped out of the NHIF contributory scheme during the UHC pilot era and hence required to finance for their medical care thereof on out of pocket basis.

This is due to prolonged length of stay of patients who are not able to make their payments for the outstanding bills.



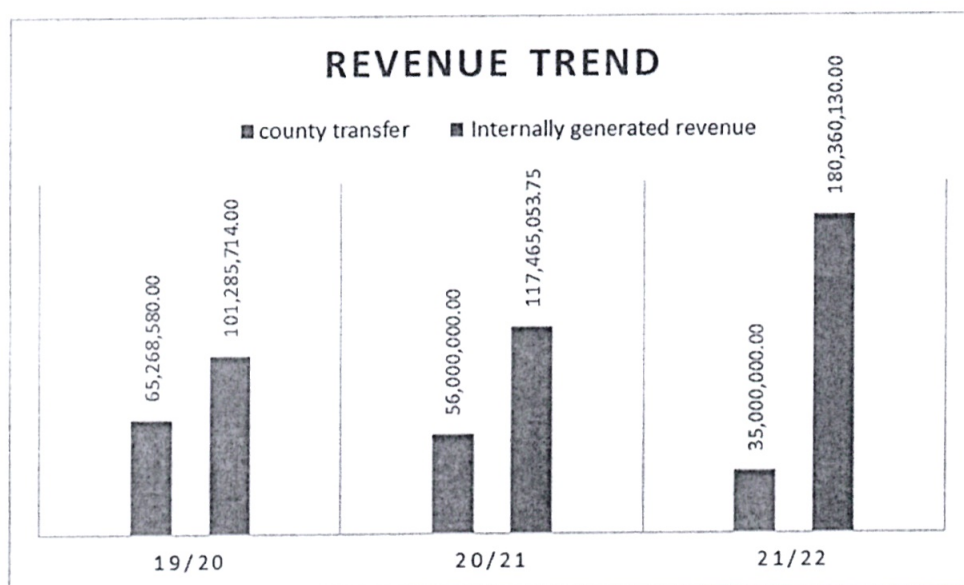
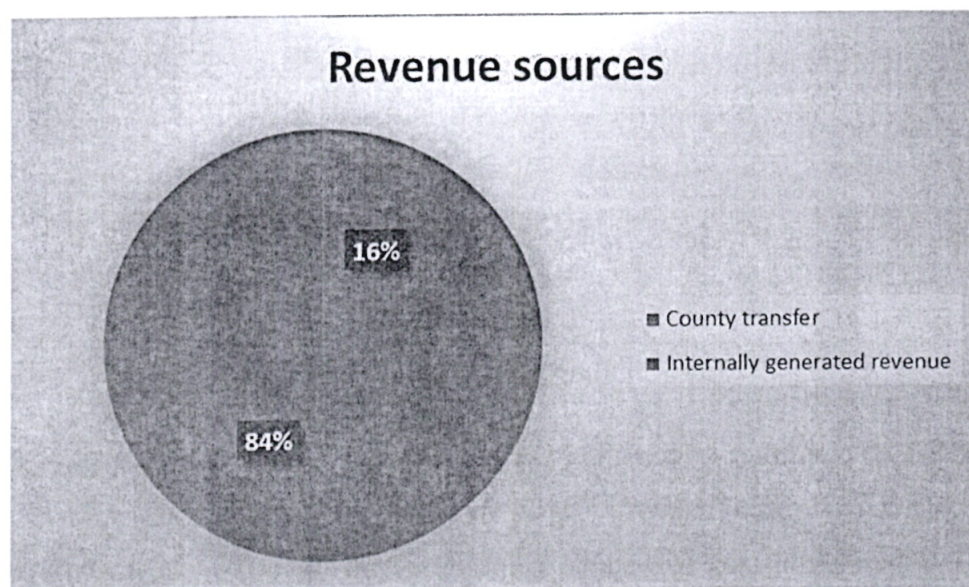
d) Surgical theatre utilization (number of operations over a period of time)

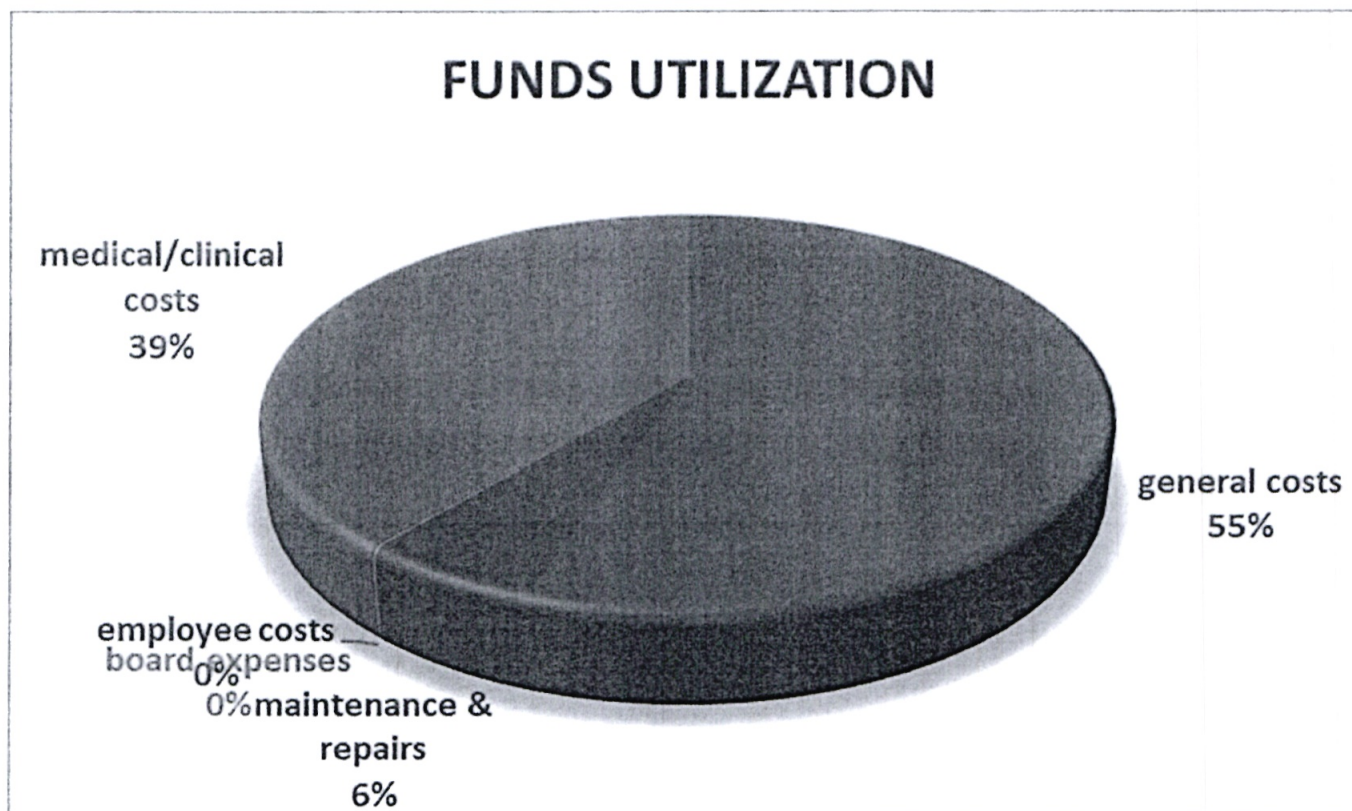


II. Financial performance

The hospital revenue comprises fees charged for services rendered, transfer grant and in kind donation from the county government of Nyeri.

In order to meet the cost of operation and maintenance the hospital relies on internally generated revenue and county transfer. During the year under review the hospital generated KSH 180,360,130 which was a 22% increase above the previous year's generated income. The county transfer amounted to KSH 35,000,000.





III. Compliance with statutory requirements

During the year under review the employee salaries were all paid by the County government of Nyeri hence statutory deductions relating to employees were met by the county treasury.

The hospital submits the 2% withholding tax on vatable items on behalf of the county government of Nyeri.

IV. Challenges

The hospital is faced with various challenges in its service delivery

- Funding Gap

The county transfer of KSH 35,000,000 and the revenue generated internally is not adequate in meeting the operational activities. The year under review being the first year of inception of Nyeri Health services fund the facility experienced stock out since the generated revenue was not adequate.

- Automation challenges

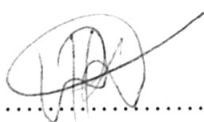
Not all services are automated for example the whole of the inpatient unit is manual making it difficult in generating all data that may be required in analyzing various operations.

- Inadequate ward and theatre spaces

The facility has been under funded in the aspect of development budget hence our infrastructure has remained the space despite the growing demand of services.

- Bad debts

The facility also serves clients who are underprivileged in the society who are not able to meet the costs of their treatment. Under the county government of Nyeri waiver guidelines such patients are waived off their bills.



.....
Dr, Pauline W. Kamau

Medical Superintendent, Nyeri PGH

VI. Environmental and Sustainability Reporting

Nyeri PGH exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization policies and activities that promote sustainability.

i) Sustainability strategy and profile

Nyeri PGH is advantaged to have a reliable source of highly qualified workforce who are keen on providing high quality healthcare and keeping the environment clean by ensuring that they practice proper infection prevention control measures, proper healthcare waste management, ensuring proper preventive plant maintenance to ensure the equipment are working optimally and enhancing efficiency by adopting modern technologies.

As a hospital we focus on putting into practice initiatives and programs that deliver long lasting benefits to our clients, stakeholders and staff

ii) Environmental performance

As a hospital, we are well aware of the need to take care of the environment to ensure even the future generation will enjoy it one day, being guided by the Ministry of Health infection control guidelines of 2015 and the UN sustainable development goals formulated in 2015.

We put effort into reducing the environmental impact of the products we use and services we offer.

We have ensured that the hospital is connected to a source of water which is clean and not harmful for human consumption.

Once in a while we subject our water to chemical testing to ensure its safety.

We also have a Public Health officer in the hospital and a very vibrant IPC Committee which ensures that IPC policies and guidelines are implemented. The hospital is also connected to the main sewerage which is maintained by NYEWASCO which enhances proper sanitation.

As a hospital we are committed to reducing emissions and reducing energy consumption. We have an incinerator which we use for incineration of all medical waste generated in the facility.

We are planning to conduct an EIA in the next financial year to establish whether it is releasing harmful emissions to the environment, after this is done we will be able to obtain a compliance license from NEMA

We encourage staff to switch off all electric items and lights in offices and clinical areas when not in use. The hospital has also adopted the use of LPG as a source of fuel for use in the hospital kitchen and use of energy saving bulbs.

There is a proposal to replace most security lights, lights in common areas and offices with bulbs with sensors to save on energy and reduce energy costs. The hospital biomedical department is closely working with the department of energy at the county to ensure this is realized.

Staff is also provided with personal protective equipment.

As part of the CECM for health performance contract, the hospital also undertakes a tree planting exercise where we plant at least fifty trees annually.

iii) Employee welfare

The Nyeri PGH does not have any authority to hire staff as this is a function of the County Public Service Board, at the hospital level, there is a Hospital Training Committee which approves staff training requests among the different cadres in the hospital equitably.

There is a performance appraisal system in place where staff are appraised annually with a mid-year review of their performance. The appraisal forms are then forwarded to the chief officer and the CPSB for rewards and sanctions.

Employees are encouraged and supported to continually build on their skills and knowledge.

Continuous medical education is also held every week in the hospital and this is CPD accredited.

The hospital has a functional OSH Committee which ensures the hospital complies with Occupational Health and Safety Act of 2007. (OSHA.)

iv) Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

The Nyeri PGH engages with various stakeholders and partners, this helps strengthen our relationships, deliver on our commitments and succeed in offering quality healthcare services. The hospital is open to partnering with other healthcare institutions who may be offering services that are not available in our facility.

The hospital through the county procurement directorate fairly and competitively advertises for all services and works which are on offer and this gives a fair chance for all traders to trade with us.

The hospital also has a functional and vibrant Ethics and Integrity Committee which ensures ethical practices among staff and our various stakeholders.

Members of staff are also guided by a code of ethics, which they are expected to adhere to.

Members of staff are prohibited from actively engaging in politics.

b) Responsible Supply chain and supplier relations

Nyeri PGH has over one hundred suppliers of goods, services and works, we engage them for the various contracts that are on offer.

Our own reputation is always at stake and it is for this reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods offered on the other hand we also ensure that we make prompt payments for goods, services and works delivered.

c) Responsible marketing and advertisement

The hospital doesn't have an established marketing and advertising department. We aspire to have one in future.

d) Product stewardship

The hospital respects the consumers of our services and we ensure that at all times all their rights are respected. This is outlined in our patient's rights charter which is well displayed in the hospital.

Members of staff are well versed with the patient rights charter and are always encouraged to inform our clients.

v) Corporate Social Responsibility / Community Engagements

Nyeri PGH seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives.

The initiatives are aimed at improving lives and enhancing engagement with the public.

Through the initiatives mentioned above, Nyeri PGH has achieved the following results in FY 2021/2022

- The members of staff were involved in a tree planting activity in the hospital, this is expected to enhance environmental conservation.
- The hospital held a VVF medical camp in November 2021 where 205 patients were screened and 65 surgeries conducted successfully.
- On 3rd March 2022 we celebrated world kidney day and 150 people were screened for kidney disease.

Report of the Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the *hospital's* affairs.

Principal activities

The principal activity/mandate of Nyeri Provincial General Hospital is to provide quality preventive, promotive, curative, and rehabilitative health services to all our clients with dignity, professionalism and within the shortest time possible.

Results

The results of the hospital for the year ended June 30 are set out on page 1-10

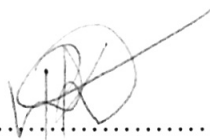
Board of Management

The members of the Board who served during the year are shown on page xii-xiii

Auditors

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

By Order of the Board



.....
Dr Pauline Kamau

VII. Statement of Board of Management's Responsibilities

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

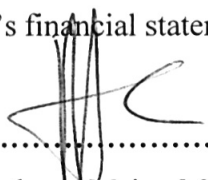
The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and any other applicable legislation. The Board members are of the opinion that the hospital financial statements give a true and fair view of the state of the entity's transactions during the financial year ended June 30, 2022, 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 financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:



.....
Name: Mr Anthony Maina Mithanga
Chairperson
Board of Management



.....
Name: Dr Pauline
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NYERI PROVINCIAL GENERAL LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF NYERI

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided under 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

Adverse Opinion

I have audited the accompanying financial statements of Nyeri Provincial General Level 5 Hospital - County Government of Nyeri set out on pages 1 to 77, which comprise the

Report of the Auditor-General on Nyeri Provincial General Level 5 Hospital for the year ended 30 June, 2022 - County Government of Nyeri

statement of financial position as at 30 June, 2022, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nyeri Provincial General Level 5 Hospital – County Government of Nyeri as at 30 June, 2022, 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 do not comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Nyeri County Health Services Act, 2015.

Basis for Adverse Opinion

1.0 Errors in Presentation and Disclosure of the Financial Statements

Review of the annual reports and financial statements for the year ended 30 June, 2022 revealed the following errors and omissions which were contrary to the guidelines and templates prescribed by the Public Sector Accounting Standards Board: -

- i. The cover page was numbered “i” contrary to the template;
- ii. The numbering of the titles and the cross-referenced page numbers in the table of contents was inconsistent with the numbering and page numbers in the financial statements;
- iii. The financial outlook in the Report of the Medical Superintendent at page xix, and paragraph II on financial performance in the Management Discussion Analysis report at page xxxiii, reflects Kshs.180,360,130 as hospital generated revenue while the statement of financial performance reflects an amount of Kshs.199,664,888 resulting in an unexplained variance of Kshs.19,304,758.
- iv. The guiding information marked “xxx” at the statement of changes in net assets was not edited or deleted;
- v. The guiding information, and comparative column in disclosure Note 19 to the financial statements on repair and maintenance were not edited or deleted;
- vi. The guiding information “XXX” in disclosure Note 31 to the financial statements on property, plant and equipment was not edited or deleted;
- vii. The balances in the statement of cash flows were not referenced to the disclosure notes;
- viii. At paragraph 2, “statement of compliance and basis of preparation” of notes to the financial statements at page 10 the guiding information “entity” and “xx” in italics was

not edited. In addition, the year of enactment of Public Finance Management Act and Nyeri County Health Services Act was not disclosed;

- ix. Pages 75,79 and 80 were left blank contrary to the template; and
- x. At page 19, paragraph (d) "Investment Property" the number of years for depreciating investment property was not disclosed.

In the circumstances, the annual reports and financial statements were not prepared in accordance with prescribed Public Sector Accounting Standards Board reporting templates for the year ended 30 June, 2022.

2.0 Inaccuracies and Inconsistencies in the Financial Statements

Review of the financial statements for the year ended 30 June, 2022 revealed the following errors and inconsistencies: -

- i. The statement of financial performance reflects transfer from the County Government of Kshs.165,508,696 while the supporting schedule reflects Kshs.35,039,442 resulting in an unexplained variance of Kshs.130,469,254;
- ii. Disclosure Note 7 to the financial statements on in-kind contributions from County Government reflects Kshs.30,911,062 while the recomputed balance reflects Kshs.39,827,921 resulting to a casting variance of Kshs.8,916,859;
- iii. The statement of financial performance reflects Kshs.199,664,888 in respect to income from rendering services while the supporting schedule reflects Kshs.213,533,354 resulting in an unexplained variance of Kshs.13,868,466.
- iv. The statement of financial performance and as disclosed in Note 25 to the financial statements reflects medical services contracts losses of Kshs.19,304,758 while the supporting schedule reflects an amount of Kshs.19,613,058 resulting in an unexplained variance of Kshs.308,300.
- v. The statement of financial performance and as disclosed in Note 15 to the financial statements reflects, medical and clinical costs of Kshs.94,800,483 while the supporting schedule reflects Kshs.79,585,171 resulting in an unexplained variance of Kshs.15,215,312.
- vi. The statement of financial performance and as disclosed in Note 19 to the financial statements, reflects repair and maintenance costs of Kshs.10,368,283 while the supporting schedule reflects an amount of Kshs.12,123,283 resulting in an unexplained variance of Kshs.1,755,000. In addition, disclosure Note 19 reflects repair and maintenance costs on property and buildings Kshs.1,107,660 while the supporting schedule reflects Kshs.2,862,660 resulting in an unexplained variance of Kshs.1,755,000;
- vii. Disclosure Note 21 reflects general expense costs of Kshs.92,584,120 while the supporting schedule reflects an amount of Kshs.72,635,486 resulting in an unexplained variance of Kshs.19,948,634;

- viii. The statement of financial performance reflects depreciation of Kshs.1,059,100 which was not added back to reserves and deducted in the capital fund at the statement of changes in net assets;
- ix. The statement of cash flows reflects total expenses of Kshs.144,460,673 being cash outflows while the statement of financial performance reflected Kshs.388,526,235 resulting to an unexplained variance of Kshs.244,065,562. Further, the balances were not explained in the disclosure notes;
- x. The statement of financial position reflects trade and other payables balance of Kshs.22,573,629 which did not have a supporting schedule;
- xi. The net cash outflow on purchase of property, plant and equipment of Kshs.9,530,000 was not disclosed in the statement of cash flows. In addition, cash and cash equivalents as at 1 July, 2021 of Kshs.39,433 was not disclosed in the statement of financial position;

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

3.0 Lack of Trial Balance

The Management did not present a trial balance for the financial year ended 30 June, 2022 for audit.

In the circumstances, the agreement of the balances in the financial statements with the ledgers could not be confirmed.

4.0 Unbalanced Statement of Financial Position

The statement of financial position reflects net assets of Kshs.38,743,978 while the recomputed balance reflects Kshs.16,170,349 resulting in an unexplained variance of Kshs.22,573,629. Further, the total net assets and liabilities reflect Kshs. Nil balance while the recomputed balance reflects a negative balance of Kshs.2,216,347 resulting in an unbalanced statement of financial position with an unexplained variance of Kshs.18,386,696.

In the circumstance, the accuracy of the financial statements could not be confirmed.

5.0 Unaccounted for Revenue

The Nyeri Health Services Act of 2015, requires transfer of 22.4% of revenue collected by Nyeri Provincial General Level 5 Hospital to the Nyeri Health Services Fund Account which translates to Kshs.44,724,935 (22.4% of Kshs.199,664,888) leaving a balance of Kshs.154,939,953. However, only authority to incur expenditure of Kshs.130,508,696 was received at the Hospital leaving a balance of Kshs.24,431,257 unaccounted for.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.199,664,888 for the year ended 30 June, 2022 could not be confirmed.

6.0 Unsupported Expenditure

The statement of financial performance reflects in-kind contribution of Kshs.30,911,062 which includes Kshs.14,829,963 for Pharmaceutical and Non-Pharmaceuticals and Kshs.16,081,099 for utility bills which was not supported with documentary evidence including payment vouchers. In addition, Note 20 to the financial statements reflects an expenditure of Kshs.180,360,130 in respect of grants and subsidies. However, no supporting documents were provided for audit review.

In the circumstances, the propriety, accuracy and completeness of the expenditure for the year ended 30 June, 2022 could not be confirmed.

7.0 Unclassified Expenditure

The statement of financial performance reflects grants and subsidies expenses of Kshs.180,360,130 and as disclosed in Note 20 to the financial statements. However, the expenditure was not classified in the financial statements into various budget votes or as per the chart of accounts. Further, the disclosure Note 20 to the financial statements did not give a breakdown on what the grants and subsidies relates to.

In the circumstances, the accuracy and completeness of the Kshs.180,360,130 expenditure for the year ended 30 June, 2022 could not be confirmed.

8.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial position as at 30 June, 2022 reflects cash and cash equivalents balance of Kshs.18,465,704 as disclosed in Note 27 to the financial statements. However, review of bank reconciliation and subsequent clearance of unpresented cheques as at 30 June, 2022 revealed stale cheque of Kshs.31,488 dated 29 December, 2021 which had not been reversed in the cash book as at 30 June, 2022.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.18,465,704 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyeri Provincial General Level 5 Hospital Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

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. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.247,577,926 and Kshs.246,271,192 respectively, resulting in budget under realization of Kshs.1,306,734 (or 0.5%) of the budget. Similarly, the statement reflects an actual expenditure of Kshs.221,942,272 against an approved budget of Kshs.247,577,926 resulting in under-performance of Kshs.25,635,654 (or 10.4%) of the budget.

The under realization and under absorption of the budget may impact negatively on service delivery toward achieving universal health care.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Failure to Maintain Revenue Cash Book

The income from rendering of services was collected and deposited in Health Sector Revenue Collection Account at Kenya Commercial Bank. However, Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account, withdrawers through Authority to Incur the Expenditure (AIEs) and revenue receivables. In addition, the monthly departmental revenue schedules were not supported with detailed daily schedules on amount charged per patient. This is contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the vote for which he or she is responsible.

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

2.0 Irregular Procurement of Food and Ration

The statement of financial performance and as detailed in Note 15 to the financial statements, reflects medical/clinical costs of Kshs.94,800,483. Included in this expenditure is Kshs.21,044,940 on food and ration which includes Kshs.2,501,000 on food items procured without providing a correct and complete description of what is to be procured to allow fair and open competition among those who participated in the

procurement proceedings. This is contrary to Section 60(1) of the Public Procurement and Asset Disposal Act, 2015, which requires the accounting officer to prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.

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

3.0 Failure to Submit Bank Reconciliation Statements

The statement of financial position for the year ended 30 June, 2022 reflects cash and cash equivalents balance of Kshs.18,465,704 as disclosed in Note 27 to the financial statements. However, the Management was not submitting monthly bank reconciliation statements on the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General, contrary to Regulation 90(1) of the Public Finance Management (County Governments) Regulations, 2015.

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

4.0 Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final budget income of Kshs.247,577,926 and final expenditure budget of Kshs.216,666,864 resulting in budget surplus of Kshs.30,911,062. This is contrary to Regulation 31(c and e) of the Public Finance Management (County Governments) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced, total budget revenue shall cover total budget expenditure.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Medical/Clinical Costs

The statement of financial performance reflects medical/clinical costs of Kshs.94,800,483 and as disclosed in Note 16 to the financial statements. However, the following anomalies were noted:

1.1 Lack of Usage Trail of Pharmaceuticals

Included in medical/clinical costs is pharmaceutical supplies of Kshs.38,962,938 which includes Kshs.20,544,035 on drugs supplied, inspected and accepted but issued in bulky to the pharmacy without control from the main store contrary to Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020. Further, the drugs could not be traced to specific patients and the revenue or amount charged. In addition, there was no reconciliation on received drugs, drugs issued to the patients, breakages, spillage, expired and the revenue generated.

In the circumstances, the control over the management of drugs and pharmaceuticals could not be ascertained.

1.2 Lack of Usage Trail of Laboratory Chemicals and Reagents

Included in medical/clinical costs of Kshs.94,800,483 is Kshs.9,819,211 on laboratory chemicals and reagents and Kshs.2,797,164 on x-ray/radiology supplies which were procured, received, inspected and issued in bulky to the Laboratory and X-ray department due to lack of supply chain control store equipped with freezers and refrigerators. This compromised the internal controls on the accountability of the reagents. Further, the reagents could not be traced to specific patients and the income generated/amount charged. In addition, there was no reconciliation on issued items, used items, breakages, expired and revenue generated.

In the circumstances, the control over the management of laboratory chemicals and reagents could not be ascertained.

1.3 Lack of Usage Trail of Food and Ration

Included in medical/clinical costs of Kshs.94,800,483 is food and ration of Kshs.21,044,940 which was issued to the person in charge of the kitchen in bulky on weekly basis. However, there were no weekly returns to the main stores on consumption, which is reconciled with patients' register and diet sheet.

In the circumstances, the control over the management of food and ration could not be ascertained.

2.0 Inadequate Staffing of Health Works

Review of records provided revealed that the Hospital had ten (10) medical officers against the fifty (50) recommended by the Kenya quality model for health which represents a deficit of forty (40) medical officers or 80%. Further, the Hospital had two (2) anesthesiologists against the recommended seven (7) representing 71% deficit, three (3)

general surgeons against the required four (4) representing 25% deficit, while gynecologists were four (4) as per Kenya quality model per health. The pediatrics and radiologists were two (2) each against the recommended four (4) representing 50% deficit in each category. In addition, the Hospital had two hundred and thirty-four (234) Kenya Registered Community Health Nurses against the recommended number of two hundred and fifty (250) representing a deficit of 6%.

In the circumstances, on the aggregate the Hospital had a deficit of 20% towards achieving the quality health model.

3.0 Non-Optimal Equipping Levels at the Hospital

Review of records provided for audit revealed that the Hospital had two hundred and sixty two (262) inpatient beds from the recommended five hundred (500) representing 52% deficit, six (6) functional ICU beds from recommended twelve (12) representing 50% deficit, three (3) functional High Dependence Unit (HDU) beds from the recommended twelve (12) representing 75% deficit, five (5) functional theaters from the recommended seven (7) representing 29% deficit, five (5) new born unit with incubators from the recommended ten (10) representing 50% deficit, zero new born HDU cots from the recommended six (6) while only seven (7) out of ten (10) at Renal Unit were functional.

Further, the radiology services lacked the electroencephalogram (EEG) while specialized therapy services lacked radiotherapy services. In addition, the Hospital had not differentiated pharmacy services to include; main pharmacy, outpatient pharmacy and ward-level pharmacy resulting to slow admission of drugs and high risk in accountability of drugs.

In the circumstances, the Hospital was not operating at desired levels anticipated by the universal health care under quality health model.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 October, 2023

IX. Statement of Financial Performance for the Year Ended 30 June 2022

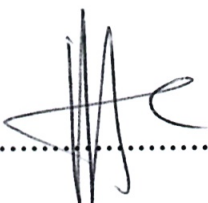
Description	Notes	2021/22
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	165,508,696
In- kind contributions from the County Government	7	30,911,062
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
Revenue from non-exchange transactions		
Revenue from exchange transactions		196,419,758
Rendering of services- Medical Service Income	11	199,664,888
Revenue from rent of facilities	12	-
Finance /Interest Income	13	-
Other income (<i>specify</i>)	14	-
Revenue from exchange transactions		199,664,888
Total revenue		396,084,646
Expenses		
Medical/Clinical costs	15	94,800,483
Employee costs	16	9,103,619
Board of Management Expenses	17	250,500
Depreciation and amortization expense	18	1,059,100
Repairs and maintenance	19	10,368,283
Grants and subsidies	20	180,360,130
General expenses	21	92,584,120
Finance costs	22	-
Total expenses		388,526,235

Nyeri Provincial general Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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	19,304,758
Impairment loss	26	-
Gain on foreign exchange transactions		-
Total other gains/(losses)		19,304,758
Net Surplus for the year		(11,746,347)
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling entity		-
		-

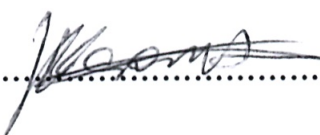
(The notes set out on pages 29 to 63 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:



Chairman

Board of Management



Head of Finance
ICPAK NO: 18123



Medical Superintendent

X. Statement of Financial Position as of 30th June 2022

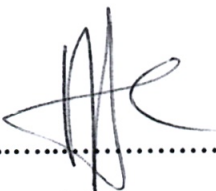
Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	18,465,704
Receivables from exchange transactions	28	22,250,818
Receivables from non-exchange transactions	29	-
Inventories	30	-
Total Current Assets		30,273,078
Non-current assets		
Property, plant, and equipment	31	8,470,900
Intangible assets	32	-
Investment property	33	-
Total Non-current Assets		-
Total assets		38,743,978
Liabilities		
Current liabilities		
Trade and other payables	34	22,573,629
Refundable deposits from customers/Patients	35	-
Provisions	36	-
Finance lease obligation	37	-
Current portion of deferred income	38	-
Current portion of borrowings	39	-
Total Current Liabilities		22,573,629
Non-current liabilities		
Provisions	36	-

Nyeri Provincial General Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

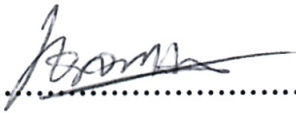
Description	Notes	2021/22
		Kshs
Non-Current Finance lease obligation	37	-
Non-Current portion of deferred income	38	-
Non - Current portion of borrowings	39	-
Service concession liability	40	-
Total Non-current liabilities		-
Total Liabilities		
Net assets		38,743,978
Revaluation reserve		
Accumulated surplus/Deficit		(11,746,347)
Capital Fund		9,530,000
Total Net Assets and Liabilities		

(The notes set out on pages 29 to 63 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:



Anthony Mithanga
 Chairman
 Board of Management



James Maina
 Head of Finance
 ICPAK No:18123



Dr. Pauline Kamau
 Medical Superintendent

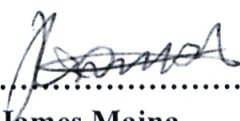
XI. Statement of Changes in Net Asset for The Year Ended 30 June 202

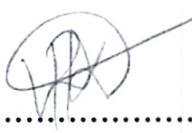
	Revaluation n reserve	Accumulated surplus/Defici t	Capital Fund	Total
As at July 1, 2020	xxx	Xxx	Xxx	xxx
Revaluation gain	xxx	-	-	xxx
Surplus/(deficit) for the year	-	Xxx	-	xxx
Capital/Development grants	-	-	Xxx	xxx
As at June 30, 2021	xxx	xxx	xxx	xxx
At July 1, 2021	xxx	Xxx	Xxx	Xxx
Revaluation gain	xxx	-	-	Xxx
Surplus/(deficit) for the year	(11,746,347)	Xxx		(11,746,347)
Capital/Development grants	-	-	9,530,000	9,530,000
At June 30, 2022	(11,746,347)	Xxx	9,530,00	(2,216,347)

(The notes set out on pages 29-63 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:


.....
Mr Anthony Mithanga
Chairman
Board of Management


.....
James Maina
Head of Finance
ICPAK No:18123


.....
Dr. Pauline Kamau
Medical Superintendent

Nyeri Provincial General Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XII. Statement of Cash Flows for the Year Ended 30 June 2022

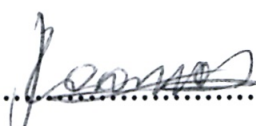
Description		2021/22
	Not e	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		35,000,000
Grants from donors and development partners		
Transfers from other Government entities		
Public contributions and donations		
Rendering of services- Medical Service Income		130,508,696
Revenue from rent of facilities		
Finance / interest income		
Other receipts(<i>specify</i>)		
Total Receipts		165,508,139
Payments		
Medical/Clinical costs		79,970,520
Employee costs		186,700
Board of Management Expenses		234,500
Repairs and maintenance		12,123,283
General expenses		51,945,670
Finance costs		
Total Payments		144,460,673
Net cash flows from operating activities	41	
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		

Description		2021/22
	Not e	Kshs
Proceeds from the sale of property, plant, and equipment		
Acquisition of investments		
Net cash flows used in investing activities		
Cash flows from financing activities		
Proceeds from borrowings		
Repayment of borrowings		
Capital grants received		9,530,000
Net cash flows used in financing activities		9,530,000
Net increase/(decrease) in cash and cash equivalents		18,186,188
Cash and cash equivalents at 1 July 2021	27	39,443
Cash and cash equivalents at 30 June 2022	27	18,465,704

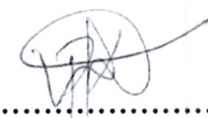
The notes set out on pages 29 to 63 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:



Mr. Anthony Mithanga
Chairman
Board of Management



James Maina
Head of Finance
ICPAK No:18123



Dr. Pauline Kamau
Medical Superintendent

XIII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	D	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	40,000,000	-5,000,000	35,000,000	35,000,000	0	100%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and Donations	30,911,062		30,911,062	30,911,062	-	%
Rendering of services- Medical Service Income	106,716,864	74,950,000	181,666,864	180,360,130	1,306,734	99%
Revenue from rent of Facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%

Nyeri Provincial General Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Other receipts (<i>specify</i>)	-	-	-	-	-	%
Total income	177,627,926	69,950,000	247,577,926	246,271,192	29,604,328	114%
Expenses						
Medical/Clinical costs	90,912,666	8,817,529	99,730,195	79,970,520	19,759,674	81%
Employee costs	400,000	-160,000	240,000	186,700.00	53,300.00	78%
Remuneration of directors	600,000	-360,000	240,000	250,000.00	10,500.00	104%
Repairs and maintenance	12,496,350	3,748,904	16,245,254	12,123,283	4,121,971	74%
Grants and subsidies	-	-	-	-	-	-
General expenses	42,307,848	57,903,567	100,211,415	129,411,208	29,199,793	129%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-		%
	146,716,816	69,950,000	216,666,864	221,942,272	-5,275,408	103%
	-		-	24,328,920		
Other gains/losses						
Medical losses				19,304,758		
Surplus for the period				5,024,162		
Capital expenditure	-	-	-	-	0	

1. There was change from the original budget because county government transfer was reduced by Ksh 5,000,000 and also the revenue expected from rendering of services surpassed the projected amount.
2. The statement of financial performance includes the in kind donation from the county government but the same is not included in the cash flow statement since the donation did not change the cash inflows of the facility

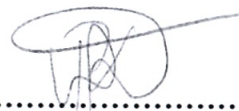
The notes set out on pages 29 to 63 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 26/09/2022 and signed on its behalf by:



.....
Mr. Anthony Mithanga
Chairman
Board of Management



.....
James Maina
Head of Finance
ICPAK No:18123



.....
Dr. Pauline Kamau
Medical Superintendent

Notes to the Financial Statements

1. General Information

Nyeri Provincial general Hospital is established by and derives its authority and accountability from the medical practitioners and dentists Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality preventive, promotive, curative, and rehabilitative health services to all our clients with dignity, professionalism and within the shortest time possible.

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 xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, and Nyeri county health Services Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. (
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

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Standard	Effective date and impact:
	IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.

ii. Early adoption of standards

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

4. Summary Of Significant Accounting Policies

5.

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services, and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 2021/2022 was approved by the Board on 10/08/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of KSH 69,950,000 on the FY 2021/2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an 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

Notes to the Financial Statements (Continued)

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.

d) Investment property

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

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

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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.

Being on accrual basis of accounting all assets should be disclosed and depreciated accordingly, however for most of our assets their historical value and lifetime is unknown posing a challenge of accounting for them.

Relying on IPSAS 33 that grants transitional exemptions to entities adopting accrual basis for the first time that provides a major tool to help entities along their journey. PGH relies on the same so that the assets can be revalued for easier accounting in the future. This provision allows us time to develop reliable models for recognizing and measuring assets and liabilities.

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, excluding²⁰ 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

The asset will generate future economic benefits or service potential

Its intention to complete and its ability to use or sell the asset

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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred „loss event“) and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or an entity of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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.

j) 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.

Notes to the Financial Statements (Continued)

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

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.

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.

k) 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.)*

l) 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.

m) 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.

Notes to the Financial Statements (Continued)

n) 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.

o) 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.

p) 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.

q) 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.

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

Nyeri Provincial General Hospital is first time adopter of accrual basis transitioning from non-reporting to reporting hence there are no comparable figures from the previous year.

t) Subsequent events

We are transiting from non-reporting hence there are subsequent events.

6. 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.

We majorly relied on IPSAS 33 on matters relating to assets and their valuation.

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)

Notes to the Financial Statements (Continued)

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.

6. Transfers From The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants		
Operational grant	35,000,000	xxx
Level 5 grants	-	xxx
Other grants	-	xxx
		xxx
Conditional grants		
User fee forgone	130,508,696	xxx
Transforming health services for Universal care project (THUCP)-	-	xxx
DANIDA	-	xxx
Wards Development grant	-	xxx
Paediatric block grant	-	xxx
Administration block grant	-	xxx
Laboratory grant	-	xxx
Total government grants and subsidies	165,508,696	xxx

Notes to the Financial Statements (Continued)

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount to deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	Total 2021/22 KShs
Nyeri County Government		-	-	-	
Total	165,508,696	-	-	-	165,508,696

Kshs 20,000,000 was received on 28/02/2022 while Ksh 15,000,000 was received on 08/06/2022
Ksh 39,443 was cash and equivalents as 30/06/2021

7. In Kind Contributions from the County Government

Description	2021/22
	KShs
Salaries and wages (casual wages)	8,916,859
Pharmaceutical and Non-Pharmaceutical Supplies	14,829,963
Medical supplies-Drawings Rights (KEMSA)	
Utility bills	16,081,099
Total grants in kind	30,911,062

Electricity bill amounted to Ksh 11,944,550 and water and sewerage bill amounted to 4,136,549

It was not possible to ascertain the value of permanent and contractual employees' salaries paid by the county because it was not possible to segregate salaries for those staff attached at Nyeri provincial hospital.

Ksh 8,916,859 was payment for casual wages.

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8. Grants From Donors and Development Partners

Description	2021/22
	KShs
Cancer Centre grant- DANIDA	
World Bank grants	
Paediatric ward grant- JICA	
Research grants	
Other grants (<i>specify</i>)	
Total grants from development partners	

(There were not grants from donors or development partners)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

9. Transfers From Other Government Entities

Description	2021/22
	31 KShs

Transfer from National Government (Ministry of Health)	
Transfer from xxx National Hospital	
Transfer from xxx Institute	
Total Transfers	

10. Public Contributions and Donations

Description	2021/22
	KShs
Public donations	
Donations from local leadership	
Donations from religious institutions	
Donations from other international organisations and individuals	
Other donations(<i>specify</i>)	
Donations in kind-amortised	
Total donations and sponsorships	

(During the year under review there were no grants from donors, other government entities or public donations)

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Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2021/22	2020/21
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

11. Rendering of Services-Medical Service Income

Description	2021/22
	KShs
ADMINISTRATION	1,669,550
AMBULANCE SERVICES	351,000
AUDIOLOGY	50,500
Radiology	155,420
CASUALTY	905,000
CONSULTANTS CLINICS	2,484,800

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DIRECT BANKING	78,514,884
DOCTORS/CLINICIANS	264,700
ENT	85,200
EYE	30,100
EYE THEATRE	3,500
ICU	1,044,400
INPATIENT	11,312,254
LABORATORY	8,681,700
MAJOR THEATRE	8,800
MATERNITY	20,000
MCH	25,100
MINOR THEATRE	73,600

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MORTUARY	3,750,200
NUTRITION 34	17,600
OCCUPATIONAL THERAPY	82,600
ORTHOPAEDIC	20,700
OUTPATIENT	722,500
PALLIATIVE CARE UNIT	30,200
PHARMACY	11,264,326
PHYSIOTHERAPY	1,126,150
PLASTER	522,150
RECORDS	11,469,800
RENAL UNIT	447,800
SPECIAL CLINICS	30,000

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THEATRE	1,508,050
WARD 1	985,550
WARD 10	634,000
WARD 12	1,477,250
WARD 14	344,200
WARD 15	6,700
WARD 2	1,339,000
WARD 4	1,848,300
WARD 6	1,968,500
WARD 7	276,000
WARD 8	919,520
WARD 9	1,282,500

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X-RAY	10,106,700
YOUTH CENTRE	255,000
LUMPSUM	22,244,326
WAIVERS AND EXEMPTIONS	19,308,758
Total revenue from the rendering of services	199,664,888

(The revenue sources are tabulated as per the facility Health information system)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2021/22
	KShs
Residential property	
Commercial property	
Total Revenue from rent of facilities	

(The facilities do not collect any revenue from rent of facilities)

13. Finance /Interest Income

Description	2021/22
	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	

(There was no finance cost)

14. Other Income

Description	2021/22
	KShs
Insurance recoveries	
Income from sale of tender	

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Services concession income	
Sale of goods (water, publications, containers etc)	
Total other income	

There was no other income apart from revenue from rendering services.

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22
	KShs
Laboratory chemicals and reagents	9,819,211
Food and Ration	21,044,940
Uniform, clothing, and linen	488,445
Dressing and Non-Pharmaceuticals	17,286,389
Pharmaceutical supplies	38,962,938
Health information stationery	
Sanitary and cleansing Materials	2,620,250
Purchase of Medical gases	1,069,423
X-Ray/Radiology supplies	2,797,164
Others (<i>specialised materials & refunds of medical expenses</i>)	711,723
Total medical/ clinical costs	94,800,483

16. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	8,916,859
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>daily wages</i>)	186,760.00
Employee costs	9,103,619

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(Employee salaries were paid by the county government of Nyeri but it was not possible to segregate for those staff attached at Provincial general hospital) The Ksh 186,760 were costs incurred to pay daily wages for casual services when need arose .Example excavation of ash pit services.

17. Board of Management Expenses

Description	2021/22
	KShs
Chairman's Honoraria	
Sitting allowance	195,000.00
Mileage	55,500.00
Insurance expenses	
Induction and training	
Travel and accommodation allowance	
Airtime allowances	
Total	250,500.00

Ksh 234,500 was actual payment while Ksh 16,000 was a payable 30/06/2022

18. Depreciation And Amortization Expense

Description	2021/22
	KShs
Property, plant and equipment	1,059,100.00
Intangible assets	
Investment property carried at cost	
Total depreciation and amortization	1,059,100.00

The depreciation at 16.67% relates to a land cruiser ambulance donated to the hospital in November 2021. The hospital do not a title deed for the land that the facility is built and most of the equipment were inherited from national government and the others were bought by the county. We encountered the

challenge of valuing them, thus IPSAS 33 was relied on to seek relief so that reliable models for recognising and measuring assets and liabilities can be adopted in subsequent years.

19. Repairs And Maintenance

Description	2021/22	2020/21
	KShs	KShs
Property- Buildings	1107660	xxx
Medical equipment	1,869,070	xxx
Office equipment	208,640	xxx
Furniture and fittings	-	xxx
Computers and accessories	3,149,205	xxx
Motor vehicle expenses	944,164	xxx
Maintenance of plant machinery & equipment	2,475,585	
Maintenance of computers ,software & networks	613,959	xxx
Total repairs and maintenance	10,368,283	xxx

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2021/22
	KShs
Community development and social work	
Education initiatives and programs	
Free/ subsidised medical camp	
Disability programs	
Free cancer screening	
Other grants and subsidies(<i>specify</i>)	180,360,130
Total grants and subsidies	180,360,130

21. General Expenses

Description	2021/22
	KShs
Advertising and publicity expenses	99,832
Catering expenses	127,601
Waste management expenses	
Insecticides and rodenticides	20,000
Audit fees	
Bank charges	120,030
Conferences and delegations	997,500
Consultancy fees	
Contracted services	19,086,349
Electricity expenses	21,449,050
Insurance	
Research and development expenses	

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Description	2021/22
	KShs
Travel and accommodation allowance	3,220,650
Legal expenses	
Licenses and permits	
Courier and postal services	91,380
Printing and stationery	1,479,569
Hire charges	111,100
Rent expenses	
Water and sewerage costs	13,143,549
Skills development levies	
Telephone and mobile phone services	781,600
Internet expenses	
Staff training and development	
Subscriptions to professional bodies	43,500
Subscriptions to newspapers periodical, magazines, and gazette notices	
Library books/Materials	
Parking charges	
Fuel, Oil and Lubricants	3,997,528
Purchase of household & equip consumables	841,639
Others-payables	22,557,628
Other fuels	4,415,615
Total General Expenses	92,584,120

The revenue collected at the facility is not deposited in the hospital account but a different account at the health headquarters where the hospital management have no control of the same.

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22. Finance Costs

Description	2021/22
	KShs
Borrowings (amortized cost) *	
Finance leases (amortized cost)	
Interest on Bank overdrafts/Guarantees	
Interest on loans from commercial banks	
Total finance costs	

Borrowing facility is not available for Nyeri provincial general hospital

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

Description	2021/22
	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	2021/22
	KShs
Investments at fair value	
Total gain	

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22
	KShs
Comprehensive care contracts with NHIF	
Non- Comprehensive contracts care with NHIF	
Linda Mama Program	
Waivers and Exemptions	19,304,758
Total Gain/Loss	19,304,758

26. Impairment Loss

Description	2021/22
	KShs
Property, plant, and equipment	
Intangible assets	
Total impairment loss	

The hospital do not a title deed for the land that the facility is built and most of the equipment were inherited from national government and the others were bought by the county. We encountered the challenge of valuing them, thus IPSAS 33 was relied on to seek relief so that reliable models for recognising and measuring assets and liabilities can be adopted in subsequent years

27. Cash And Cash Equivalents

Description	2021/22
	KShs
Current accounts	18,465,704
On - call deposits	
Fixed deposits accounts	
Total cash and cash equivalents	18,465,704

(The cash at hand and in Mobile money is revenue at hand which was deposited the following day at the fund account hence it also appears as a liability.

Notes to the Financial Statements (Continued)

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

Description		2021/22
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	1175372927	18,465,704
Equity Bank, etc		
Sub- total		18,465,704
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		18,465,704

28. Receivables From Exchange Transactions

Description	2021/22
	KShs
Medical services receivables	22,250,818
Rent receivables	
Other exchange debtors	
Less: impairment allowance	
Total receivables	22,250,818

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	
Undisbursed donor funds	
Other debtors (<i>non-exchange transactions</i>)	
Less: impairment allowance	
Total	

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

30. Inventories

Description	2021/22
	KShs
Pharmaceutical supplies	
Non Pharmaceuticals	
Food supplies	
Linen and clothing supplies	
Cleaning materials supplies	
General supplies	
Less: provision for impairment of stocks	
Total	

Since the hospital operates 24hrs at the close of business 30/06/2022 it was not possible to conduct board of survey at that point therefore it was not possible to ascertain the Ksh 36,385,241 value of stocks as presented by various storage points.

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	xxx	xxx	Xxx	xxx	xxx	Xxx	xxx	xxx
Additions	xxx	xxx	Xxx	xxx	-	-	xxx	xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers/adjustments	xxx	Xxx	(xxx)	xxx			xxx	(xxx)
At 30th June 2021	xxx	Xxx	Xxx	xxx	xxx	Xxx	xxx	xxx
At 1 st July 2021	xxx	Xxx	xxx	xxx	xxx	Xxx	xxx	xxx
Additions	xxx	xxx	9,530,000	xxx	xxx	Xxx	xxx	9,530,000
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustments		xxx		Xxx			(xxx)	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At 30 th June 2022	xxx	xxx	xxx	xxx	xxx	Xxx	xxx	Xxx
Depreciation and impairment								
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	Xxx		xxx
Depreciation for the year	xxx	xxx	xxx	xxx	xxx	Xxx		xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Impairment	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
At 30 June 2021	xxx	xxx	xxx	xxx	xxx	Xxx		xxx
At July 2021	xxx	xxx	1,059,100	xxx	xxx	Xxx		1,059,100
Depreciation	xxx	xxx	xxx	xxx	xxx	Xxx		Xxx
Disposals	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)
Impairment	(xx x)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)		(xxx)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	x)							
Transfer/adjustment		xxx	-	xxx	-	-	(xxx)	(xxx)
At 30 th June 2022	xxx	xxx	Xxx	xxx	xxx	Xxx	xxx	Xxx
Net book values								
At 30 th June 2021	xxx	xxx	8,470,900	xxx	xxx	Xxx	xxx	8,470,900
At 30 th June 2022	xxx	xxx	Xxx	xxx	xxx	Xxx	xxx	Xxx

The hospital do not a title deed for the land that the facility is built and most of the equipment were inherited from national government and the others were bought by the county. We encountered the challenge of valuing them, thus IPSAS 33 was relied on to seek relief so that reliable models for recognising and measuring assets and liabilities can be adopted in subsequent years .The ambulance is depreciated at 16.67% .

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22
	KShs
Cost	
At beginning of the year	
Additions	
Additions–Internal development	
Disposal	
At end of the year	
Amortization and impairment	
At beginning of the year	
Amortization for the period	
Impairment loss	
At end of the year	
NBV	

The facility has a health information system installed in year 2011 at a cost KSH 2,100,000 but the internal additions that has been done over the subsequent have not been valued. IPSAS 33 is relied before an appropriate model of valuing the same can be adopted.

33. Investment Property

Description	2021/22
	KShs
At beginning of the year	
Additions	
Fair value gain	
Depreciation (<i>where investment property is at cost</i>)	

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At end of the year		
--------------------	--	--

34. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	22,573,629
Employee dues	
Third-party payments (<i>unremitted payroll deductions</i>)	
Un transferred revenue held at hospital account	
Cash at hand & mobile money	
Total trade and other payables	22,573,629

The Ksh 2,474,217 and Ksh 201,070 is a liability to the hospital because funds were to be transferred to the fund account.

35. Refundable Deposits from Customers/Patients

Description	2021/22
	KShs
Medical fees paid in advance	
Credit facility deposit	
Rent deposits	
Others (<i>specify</i>)	
Total deposits	

36. Provisions

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

37. Finance Lease Obligation

Description	2021/22
	Kshs
Current Lease obligation	
Long term lease obligation	
Total	

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Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22
	KShs
Current Portion	
Non-Current Portion	
Total	

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 year				
Transfers to Capital fund				
Transfers to statement of financial performance				
Other transfers (<i>Specify</i>)				
Balance C/F				

39. Borrowings

Description	2021/22
	KShs
Balance at beginning of the period	
External borrowings during the year	
Domestic borrowings during the year	
Repayments of external borrowings during the year	
Repayments of domestic borrowings during the year	
Balance at end of the period	

Notes to the Financial Statements (Continued)

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

Description	2021/22
	KShs
Current Obligation	
Non-Current Obligation	
Total	

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

40. Service Concession Arrangements

Description	2021/22	
	KShs	
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

41. Cash Generated from Operations

	2021/22
Surplus for the year before tax	KShs
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 operating activities	

Notes to the Financial Statements (Continued)

42. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2022				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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

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

The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1	Between 1-3	Over 5	
	month	months	months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(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.

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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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.

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs

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At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20xx			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

Interest rate risk

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

Management of interest rate risk

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

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.

Notes to the Financial Statements (Continued)

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:

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ (<i>excess cash and cash equivalents</i>)	xxx	xxx
Gearing	xx%	xx%

43. 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.

Government of Kenya

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

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Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Nyeri County Government
- iv) Xxx;
- v) Xxx;
- vi) Key management;
- vii) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	Xxx

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Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx
d) Key management compensation		
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	Xxx	xxx

Notes to the Financial Statements (Continued)

44. 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)

45. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case xxx against the company	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

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

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

The entity is a public institution in Nyeri County. Its ultimate parent is the Government of Kenya.

49. Currency

The financial statements are presented in Kenya Shillings (Kshs).

XIV. Appendices

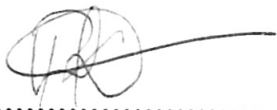
Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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



.....
Accounting Officer

(To be signed by the accounting officer of the Hospital)

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)

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

APPENDIX IV: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name **Sign** **Date** _____

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Sup/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

APPENDIX VI Disaster Expenditure Reporting Template

Date: _____

Entity: _____

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness	Expenditure item	Amount (Kshs.)	Comments

—