

REPUBLIC OF KENYA

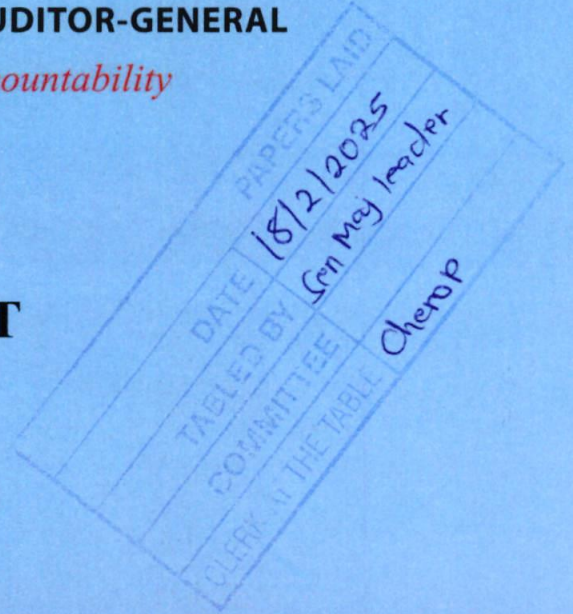


Enhancing Accountability



REPORT

OF



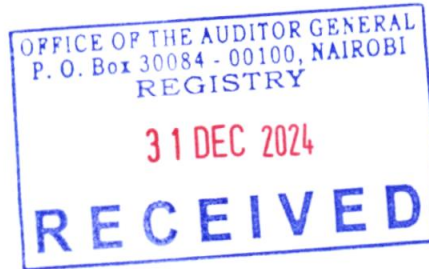
THE AUDITOR-GENERAL

ON

**KIAMBU LEVEL 5 HOSPITAL - COUNTY
GOVERNMENT OF KIAMBU**

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

Revised 30th June 2024



KIAMBU Level 5 HOSPITAL (KIAMBU County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
FIF	Facility Improvement Fund
NHIF	National Hospital Insurance Fund
IPSAS	International public Sector Accounting Standards
AGPO	Access To Government Procurement Opportunities
UNFPA	United Nations Fund for Population Activities
CHMT	County Health Management Team
WIBA	Working Injury Benefit Act
PPE	Property, Plant and Equipment
KLH5	Kiambu Level 5 Hospital
CCC	Comprehensive Care centre
CWC	Child Welfare Clinic
ANC	Ante Natal Clinic
PNC	Post Natal Clinic
FP	Family Planning
NBU	Newborn Unit
ICU	Intensive Care Unit

2. Key Entity Information and Management

(a) Background information

Kiambu Hospital is a Level 5 Hospital established under gazette notice number 23906 of 2017 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management, and is situated in Kiambu Sub-County, Kiambu Township. The hospital was started in the early 1920's as a smallpox vaccination centre. After independence, the Government of Kenya took over its management. The hospital has since then grown to its status as county referral hospital with bed space capacity of 426 beds and solely under the management of Kiambu County Government.

The hospital serves a primary catchment population of about 165,000 persons from Kiambu Sub County. It serves as a referral for approximately 1 million people from the larger Kiambu County, Nairobi Metropolis and the neighbouring counties. The Master Facility Code for the hospital is **10539**.

Kiambu Sub-County has six (6) public health facilities namely: Kiambu Level 5 Hospital, Ting'ang'a Dispensary, Riabai Dispensary, Anmer Dispensary, St. Anns Lioki Dispensary, and GK Prison (Kiambu) Dispensary. Kiambu level 5 acts as referral hospital to all these primary health care facilities.

The hospital is governed by a Hospital Management Board, whose roles includes:

- i. To provide general oversight over the hospital's operations,
- ii. Promote the development of the hospital,
- iii. Recommend plans and programs for implementing the county health strategies in the hospital;
- iv. Recommend budget estimates,
- v. Establishing a hospital-community participation and feedback platform,
- vi. Assessing the delivery of services at the hospital,
- vii. Monitoring the hospitals performance against set targets and advice the Executive Member.

The Hospital's day-to-day management is under the following key organs:

- i. The Hospital Management Team,
- ii. The Medical Superintendent (Accounting Officer/CEO), and
- iii. Management Committees

(b) Principal Activities

The principal activity/mission/ mandate of Kiambu Level 5 is to provide affordable general and specialized outpatients and inpatient services to the resident of Kiambu and its environs. It provides curative and rehabilitative services, promotive and preventive services, primary health care services, including specialized services. These include outpatient general and specialized consultation services, laboratory services, dental, radiology, physiotherapy and occupational therapy services, orthopaedic/trauma services, palliative care, Ear Nose and Throat department, ophthalmology services, Maternal Child Health , Integrated Management of Childhood illness , casualty and emergency, Intensive Care Unit, Medical and surgical inpatient services, Paediatrics and New Born Unit services, maternity and postnatal services, Obstetrics and Gynaecology inpatient services, and funeral home services.

The hospital's Vision is "An efficient, effective and high-quality healthcare service provider that is accessible, equitable and affordable for everyone." Our Mission is "to provide health services that are equitable, accessible and accountable to the patients." Our core values include efficiency, integrity, timeliness, transparency, confidentiality, and professionalism.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Executive Expenditure Committee Members
- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Antony Murage
2.	Head of finance	Lydia Karanja
3.	Head of supply chain	Ann Gichini
4.	Hospital Administrator	Eston Mbutia
5.	Nursing Services Manager	Priscilla Kimani
6.	Head of Pharmacy	Dr Rita Muthami

(Include all positions regarded as top management in your hospital).

(e) Fiduciary Oversight Arrangements

Fiduciary oversight over the hospital's operations both financial and general activities are provided as below,

1. Department of County Health Management team and Kiambu county treasury.
The above provides general audit oversight/activities for the hospital's financial commitments and all other hospital operations in terms of service delivery.
2. Hospital management board.
This committee provides general guidance on the hospital's revenue targets, budgets and expenditure propose as well as advising on introduction of new services.
3. Hospital management team
The team provided guidance on hospital financial needs and strategies for improved and sustainable financial performance of the hospital.
4. Executive expenditure committee
This is the senior most and very critical committee with primary responsibility of assessing and improving hospital performance, reviewing hospital revenue collections, developing all budget proposals, and expenditure oversight.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 39
 Biashara Street
 Kiambu, KENYA

(g) Entity Contacts

Telephone: (+254) 721864258
 E-mail: Kiambudistricthospital@gmail.com

(h) Entity Bankers

- (i) Kiambu Hospital FIF Bank Account
Kenya commercial bank
Kiambu Branch

- (ii) Kiambu Level 5 Conditional grant Account
Family Bank
Kiambu Branch

- (iii) Kiambu Level 5 NHIF Collections A/C
Kenya Commercial bank
Kiambu Branch

- (iv) Kiambu Level 5 Hospital Revenue A/C
Co- operative Bank
Kiambu Branch

- (a) Independent Auditors**

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

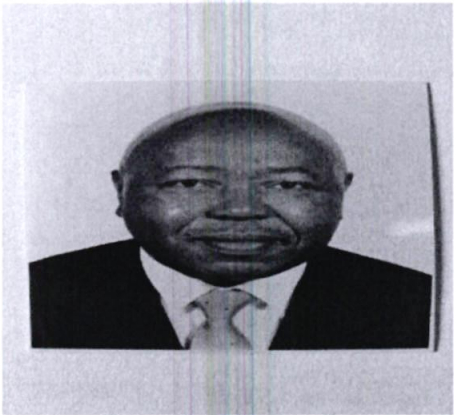
- (b) Principal Legal Adviser**

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



- (c) County Attorney**



P.O. Box. 2344
00900, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 <p>Dr. Peter Kinge Njoroge – Chairman MB,ChB (1984, Nairobi); MPH (1992, Nairobi); Cert in MNCH Research (2010, University of Manitoba), Eisenhower Fellow in the field of Public Health – USA, 1994</p>	<p>Key qualifications and work experience:</p> <ul style="list-style-type: none"> a) Lecturer in public Health, University of Nairobi b) Dr. Njoroge has coordinated and facilitated international, regional and local courses including the Health Management Course for English speaking African countries “The Tools for Health Managers Course” between 1995 and 2000 HNSC 4260 “Building Healthy Communities: A Global Perspective” - a collaborative offering between University of Manitoba and University of Nairobi through virtual lectures in 2012. In 2007, he served in the health department of the East Africa Community (EAC) Secretariat in Arusha for six months during which time he developed the Regional East African Sexual and Reproductive Health Strategic Plan under UNFPA support to the EAC. Dr Njoroge has been involved in the formulation and evaluation of various Ministry of Health programmes in Kenya such as the Piloting of the Safe Motherhood interventions in western Kenya (1999-2003), formulation of the first Implementation Plan for the National Reproductive Health Program (1996), formulation of the Interim (Annual) Operational Plan for the first National Health Sector Strategic Plan in 2004, Resetting the Reproductive Health Agenda in Kenya: Review of the 2004-2008 Reproductive Health Research Agenda and setting the 2010-2014 Research Agenda in 2010 and evaluations of various health programs including the review of the implementation of the Community

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		<p>Strategy and the end-term review of the second National Health Sector Strategic Plan in 2012. He is currently involved in research in Maternal, New-born and Child Health Research</p> <p>c) Board Chairperson Finance and General Purposes</p>
2.	 <p>Josphat Ng'ang'a Wachira- Member</p>	<p>Bachelor Of Commerce finance option and Certified Public Accountant (Kenya) BCOM (Entrepreneurship ongoing)</p> <p>-acts as the vice chair. -currently an administrative manager comboni missionary sisters' health facility</p>
3.	 <p>Esther Nyaguthi Ngure - Member</p>	<p>Born in 1966 and married O-level holder Committee member kangangi market traders Board member</p>

4.		<p>Board member Certified public accountant Works in the ministry of information and communication and technology</p>
5.	 <p>Dr Antony Murage- Secretary</p> <ul style="list-style-type: none">a) Bachelor's in medicine, and Surgeryb) Master's in medicine (Orthopaedic Surgery)	<p>Born in 1982 Medical superintendent Kiambu level 5 and acts as the secretary to the board as per the gazette notice. Not a member of ICS</p>



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Key Management Team

Ref	Management	Details
1.	 <p>DR Antony Murage – Orthopaedic Surgeon</p>	<p>Medical superintendent In charge. Bachelor of med and surgery orthopaedic surgery Medical Specialist I (orthopaedic Medical Specialist)</p>
2.	 <p>Dr Nkirote - Paediatrician</p>	<p>Bachelor of med and surgery, MM paediatrics D/Medical Sup. Paediatrician (ADMS)</p>
3.	 <p>Priscilla Kimani - Nurse</p>	<p>BSC. Nursing. KRCN Nursing Services Manager.in charge of nursing Department.</p>
4.	 <p>Beth Gichohi - DHAO</p>	<p>BSC Health systems Management BSC, HMD Nursing RCHND. Deputy Hospital Administrative Officer</p>

5.	 Lydia Karanja – Senior Accountant	Heads the finance department. oversees revenue and expenditure in the hospital. BCOM (finance Option) CPA K
6.	 Dr Doreen Matara – Pharmacist	Pharmacy, clinical Pharmacy, Pharm. Pharmacist in charge.in charge of pharmaceutical supplies. pharmacist
7.	 Dr Samuel Misango – urologist	MM.Urology Surgery MBChB. HOD Surgery departments. Oversees all the consultants and in charge of all the medical interns. Medical specialist (Urologist)
8.	 Anthony Kariuki – Public Health Officer	Diploma in public health Public. Public Health Officer in charge of hygiene and cleanliness in the hospital

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9.	 Dr Ruth Irungu - Dentist	BSc. Dental Surgery In charge of dental department Born in 1980 Dental officer
10.	 Patrick Wanjohi - Nutritionist	BSc. Nutrition and Dietetics, Diploma in Nutrition and Dietetics In charge of nutrition services
11.	 Dr Mikalo Amakabane - Radiologist	MBChB, M.M Radiology Oversees the radiology department in terms of services and commodities
12.	 Boniface Mwangi – Lab Technologist	Diploma in Medical Laboratory Science Heads the laboratory department as the in charge in terms of lab reagents control and monitoring
13.	 Alice Njenga – Clinical Officer	BSc. Clinical Medicine, Diploma in Clinical Medicine In charge of Clinicians and outpatient department

14.	 Erastus Wainaina - Physiotherapist	Diploma in Physiotherapy Physiotherapist in charge. Uncharged of physiotherapy
15.	 Margaret Waweru - HRIO	BSc. Health Records and Information, Diploma in Health Records, and Information In charge of all hospitals data and patients' information
16.	 Esther Njoroge – Medical Engineer	Diploma in Biomedical Engineering HOD biomedical Engineering department. In - charge all equipment in terms of installation and maintenance
17.	 Ann Gichini - SCMO	Supply Chain Management Officer. Oversees the procurement of commodities in the hospital as well as procurement processes

(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)

4. Chairman's Statement

The Members of the Board, other than an ex-officio Member, completed their first term of service, in April 2024, and are eligible for appointment. As at the close of the financial year 2023/2024, the hospital therefore did not have a substantive board of management. The medical Superintendent being the secretary to the board, has comprehensively given a detailed report concerning affairs of the hospital for the year ended 30th June 2024.

Report of The Medical Superintendent

The hospital continues to provide a wide array of general and specialised medical services. We pride ourselves in the continued collaborations with various partners supporting our healthcare system, for improved outcomes. These include the Ministry of Health, County Department of Health Services, Christian Blind Mission, LVCT Health Thibiti Program, Operating Theatre Practitioners of Kenya, Kenyatta University, National Council of Churches of Kenya, Centre for Public Health and Development (CPHD) among others.

Some of the key areas of support we have received during this year, from these partners, included:

- i. Renovation of eye and ENT unit. Formerly a condemned building, this timely intervention has enabled the hospital to enhance its reputation as a preferred care centre.
- ii. Prevention, screening, diagnosis, care and treatment of TB and HIV services, which includes provision of actual services, human resourcing, and provision of medical products and technologies.
- iii. Donation of medical equipment for the primary usage of training of residents in gasless laparoscopy with view to establishing a sustainable long term laparoscopy program at KL5H
- iv. General and specialized medical care under the Urban Refugees Assistance Programme
- v. Training hospital for Kenyatta University School of medicine
- vi. Newborn essentials solutions and technologies (NEST) program, for improving neonatal care.

As it is evidenced above, these partnerships have been instrumental in ensuring that the hospital continuously improve the quality of care to its clients through direct support to wards service delivery, human resourcing, and infrastructure development in the hospital.

Key challenges facing the hospital throughout the financial year included:

- i. Inadequate human resources for health in key general areas of medicine, nursing, and diagnostic services. This is aggravated by high turnover due to retirement, brain-drain, and specialization of Medical Officers. See annexure for detailed HRH profile.

- ii. High demand and preference for services in Kiambu Hospital, leading to high workload and congestion in key outpatient and inpatient services, against the limited infrastructural and human resources capacity.
- iii. Limited space for Accidents and Emergencies, and surgical services, leading to congestion and limited specialized inpatient services. The facility has only two theatre rooms in the main theatre, one for emergencies, and another one for elective cases. 16 surgeons compete for this one elective theatre. This is a gross underutilization of costly medical workers.
- iv. The maternity theatre is also limited to only one room. A second room available is not resourced with the requisite medical equipment and human resources. The theatre conducts between 180-200 surgeries every month.
- v. Other infrastructural issues include inadequate waiting areas for pharmacy and laboratory.
- vi. The funeral home has a limited capacity of 30 bodies and lacks refrigeration facilities. It also lacks appropriate and adequate parking areas for our clients. Its access road is not well maintained yet crowded by traders.
- vii. Inadequate ablution facilities for our clients.
- viii. The hospital's supplies gate and driveway are in a poor state. A situation made worse during the rainy seasons.

It is very evident that the hospital has an arduous task in investing more in the above highlighted areas, especially human resources and health infrastructure.

One of the key challenges we faced was labour withdrawal by a section of healthcare workers, between the months of March and June 2024. The negative impact of this is manifested in our operations data, where our services scope dropped by 60% and 40% in the months of April and May 2024 respectively. Our revenues also dropped by the same proportion, negatively impacting the hospital's revenue targets.

The hospital continues to experience great inadequacies in infrastructural capacity, especially those supporting theatre services. With only two rooms in the main theatre, and one room in the maternity theatre, the hospital is incapable of efficiently handling its surgical workload, leading to long booking lists, long waiting periods/hospital stays, as well as delays in service delivery, all of these often leading to poor patient outcomes. It is imperative that we prioritize capital investments to alleviate this critical challenge, and to make the effective and efficient use of the available medical specialists.

Nevertheless, the facility continues to deliver the best and preferred healthcare services

In the coming year Kiambu County Referral Hospital hopes to increase the range of services offered to include dialysis, CT scan services and additional theatres through collaboration with the county government and the private – public partnerships.

The hospital also hopes to improve service delivery by improving lab services.

Way forward for improved outlook and outcomes:

- i. Equipping of the second maternity theatre, and completion of stalled project on expansion of main theatre, which stalled in the year 2022.
- ii. Repair of the external waiting area for laboratory, pharmacy, and psychiatry units as well as equipping with appropriate seat, in all waiting areas.
- iii. Construction of an ablution block with adequate facilities.
- iv. Equip with modern cooling chambers, to expand the funeral home capacity to 60 bodies. Repair its external access road and renovate the provided parking space for its clients.
- v. Installation of a new supplies Gate C and repair its external and internal driveways.
- vi. Construction of a new and separate Accidents and Emergency unit.

We feel that these interventions shall bear the greatest impact in our quality of services, through improved healthcare outcomes, and general impact to the society. We continue to be keen and hopeful at accessing and lobbying for the necessary investments, as a strategy towards achieving our specific health goals.

We are also engaging the relevant internal and external stakeholders, with an aim of establishing more healthcare services such as renal, paediatrics intensive care services, neurology surgical services, computer topography, and dental radiology services, and a refurbishment and newly equipped dental unit.

We believe that through the continued partnerships, collaborations, and commitments from the key stakeholders, we shall take this preferred hospital to a higher pedestal in delivery of specialised healthcare services in the region.



.....
Name: Dr Antony Murage

Secretary to the Board

5. Statement of Performance Against Predetermined Objectives

Kiambu level 5 is guided by the six pillars of health in developing the annual workplan and annual procurement plan. The two plans outline all the activities including development to be undertaken within an year and its mode of payment plus budget requirements.

Kiambu Level 5 has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars/ themes/ issues are as follows.

- I. Service delivery
- II. Human resource
- III. Health information
- IV. Health products, vaccines and technology
- V. Health infrastructure
- VI. Leadership and governance

Kiambu Level 5 develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Kiambu hospital achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	To offer quality services to all our clients	Service charters	Monitoring and evaluation	Reduced patients waiting and turnaround time
Human resource	Increase efficiency and effectiveness	Great output	Job description, job specifications and on job training	Enhanced skills and increased output
Health information	Provision of data and promote technology	Elimination of communicable diseases.	Timely reporting and data collection	Helped in making informed decisions.

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Health products	Provide essential medical products	Increase workload and customer satisfaction	Lobby for more products in terms of pharmaceuticals and non-pharmaceuticals	Less stock outs
Leadership and governance	Provide guidance and direction	Increased morale	Strengthen collaboration between k15h and key partners	More partners and donors
Health infrastructure	To provide conducive working environment	Improved appearance	To put up modern buildings and refurbish the old ones	More output and greater customer satisfaction

6. Corporate Governance Statement

The Members of the Board, other than an ex-officio Member, completed their first term of service, in April 2024, and are eligible for appointment. As at the close of the financial year 2023/2024, the hospital therefore did not have a substantive board of management.

The Board undertakes the following governance responsibilities:

- a) Provide oversight over the general administration of the hospital.
- b) Promote the development of the hospital.
- c) Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital.
- d) Recommend to the Executive Member budget estimates.
- e) Establishing a hospital-community participation and feedback platform.
- f) Assessing the delivery of services at the hospital and advice the Executive Member.

- g) Monitoring the hospitals performance against set targets and advice the Executive Member; and
- h) Carrying out any other function that may assigned by the Executive Member.

The County Executive Committee Member for Health Services is obligated by the Kiambu County Health services Act no. 2 of 2019, to remove from office any member of the Board who:

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

During the financial year ended 30th June 2024, the hospital management board members held two meetings. The hospital spent KES 147,500 in board remuneration in form of sitting allowances.

7. Management Discussion and Analysis

Financial performance that includes: -

- *Revenue sources,*
- *Utilisation of funds etc*

(The management discussion and analysis should be signed by the Chief Executive Officer/Medical Superintendent)

Kiambu level 5 hospital has a bed capacity of 426 with bed occupancy rate of 110% .The average length stay of 14 days and a mortality rate of 10% during the year ended 30th June 2024, Kiambu Level 5 Hospital attended to both outpatient and inpatient in different departments e.g., Laboratory, maternity both in MCH and Inpatient.it also attended to patients in specialised clinics as is the primary mandate to offer care to the patients. The patients' data for the past 3 years is as tabulated below

Kiambu Level 5 Hospital (Kiambu County Government)
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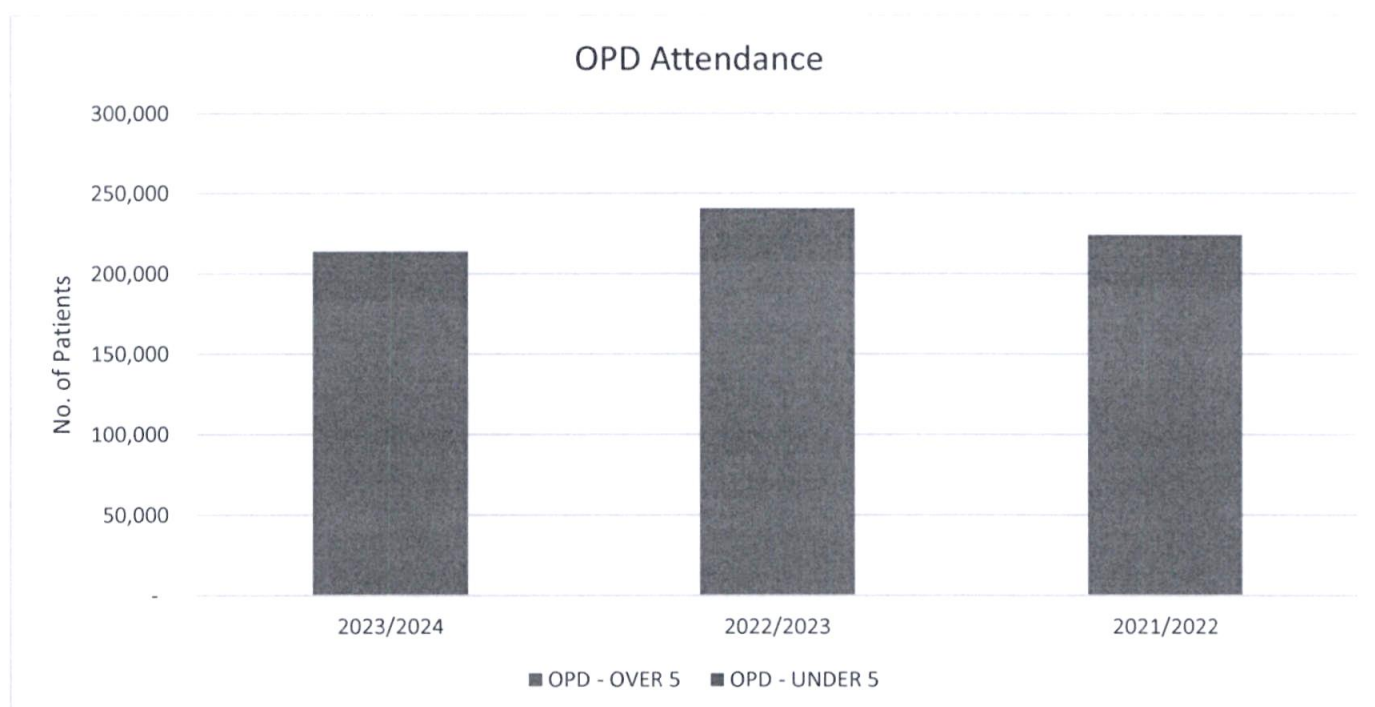
		2023/2024	2022/2023	2021/2022
1	OPD - OVER 5	182,784	207,254	191,427
2	OPD - UNDER 5	31,094	33,585	32,848
TOTAL GENERAL OPD		213,878	240,839	224,275
SPECIAL CLINICS				
		2023/2024	2022/2023	2021/2022
1	ENT	11,817	14,663	12,376
2	EYE	12,441	16,737	13,728
3	TB & CHEST	2,789	8,423	12,301
4	CCC	38,799	21,501	16,607
5	PSYCHIATRIC	2,744	3,338	2,692
6	ORTHOPAEDIC	2,049	3,124	2,430
7	OCCUPATIONAL THERAPY	7,108	8,728	6,875
8	PHYSIOTHERAPY	8,317	8,867	5,754
9	MEDICAL	6,265	6,917	2,987
10	SURGICAL	4,181	4,734	4,693
11	PAEDIATRICS	2,567	2,522	2,293
12	OBSGYNAE	3,206	3,277	3,598
13	ALL OTHER CLINICS	2,722	1,513	4,202
Total		105,005	104,344	90,536
		2023/2024	2022/2023	2021/2022
1	MCH	31,040	36,757	28,320
2	CWC	15,328	23,118	14,019
3	ANC	9,955	10,948	11,816

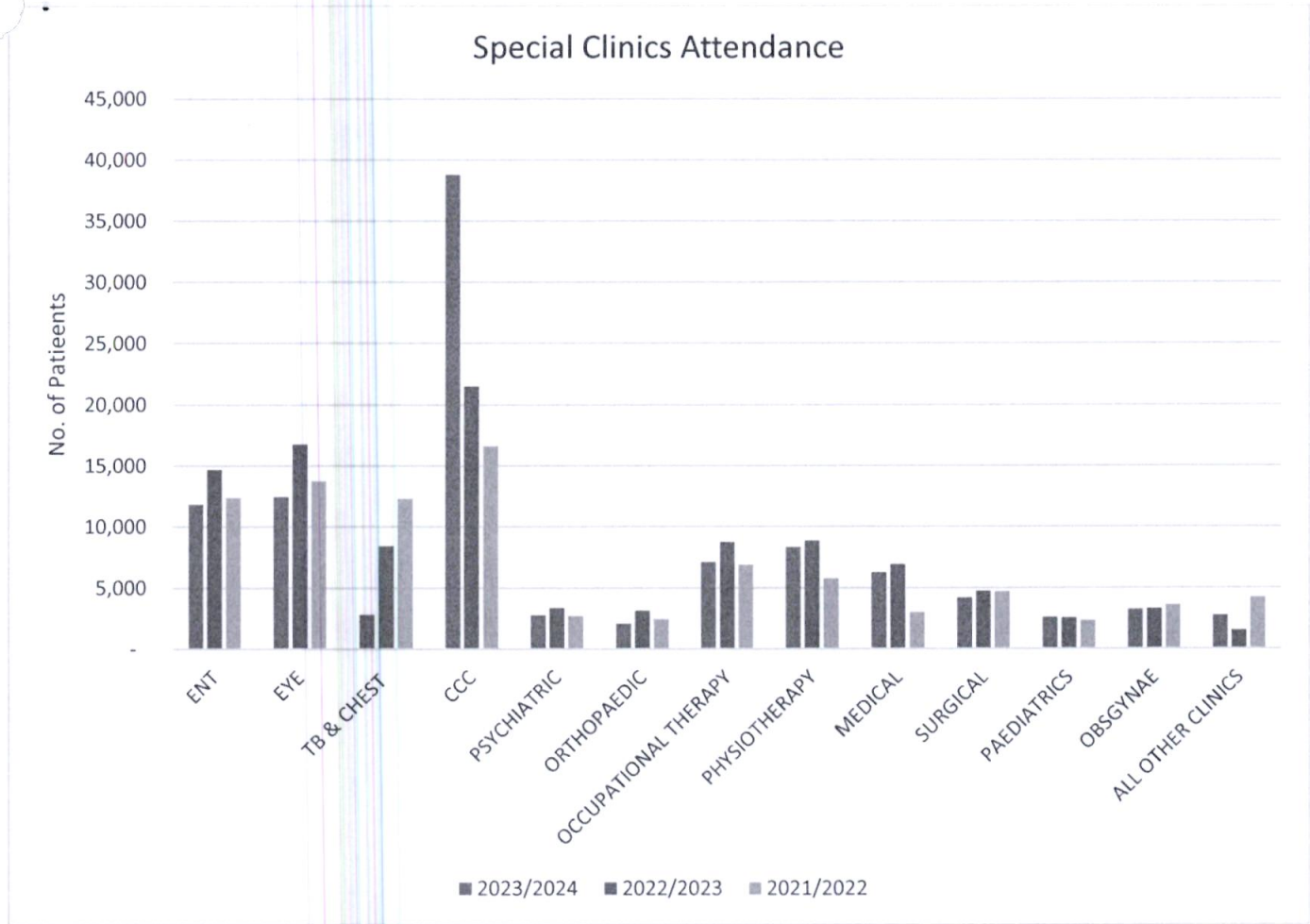
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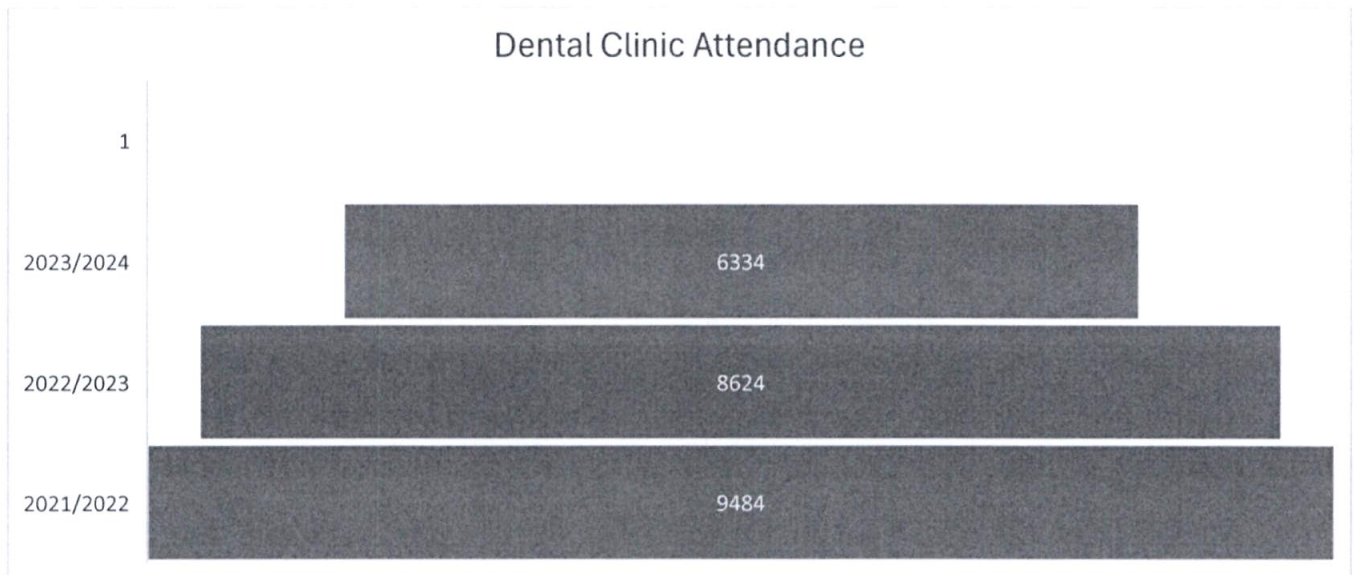
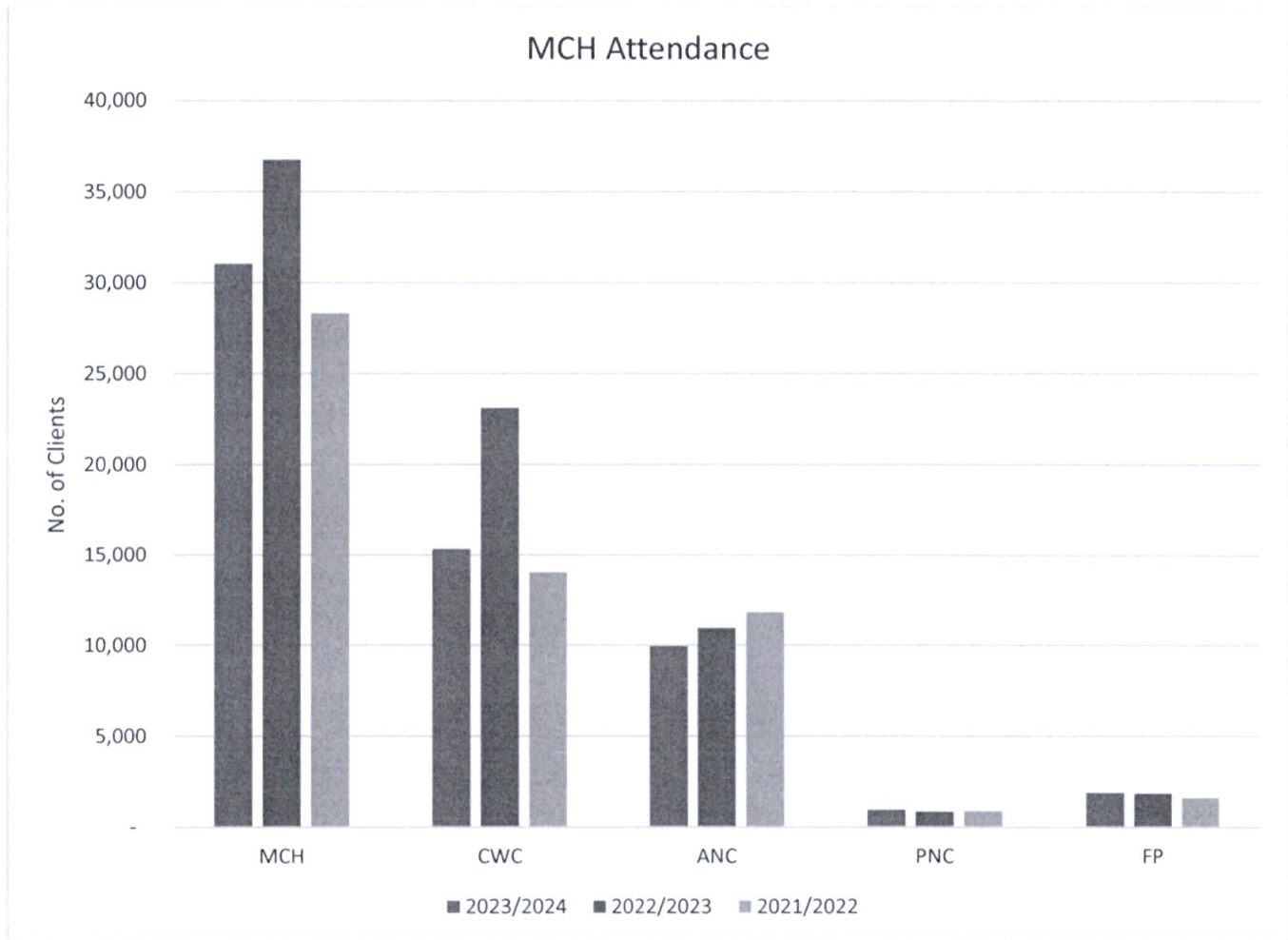
3	PNC	939	845	875
4	FP	1,867	1,846	1,610
DENTAL CLINIC		6,334	8,624	9,484
ADMISSIONS				
		2023/2024	2022/2023	2021/2022
WARDS	FEMALE SURGICAL	710	995	1,021
	FEMALE MEDICAL	1,015	1,396	1,407
	MALE MEDICAL	1,118	1,614	1,628
	MALE SURGICAL	887	1,150	1,167
	GYNAECOLOGY	1,689	2,210	2,223
	PEADS	1,536	2,153	2,163
	MAT. A	6,527	8,697	8,697
	MAT. B	-	-	-
	NBU	1,852	2,578	2,578
	ICU	41	43	132
	TOTAL	15,375	20,836	21,016
SURGERIES				
		2023/2024	2022/2023	2021/2022
	MINOR SURGERIES OPERATED	827	1,280	1,855
	EMERGENCIES OPERATED	2,771	3,590	4,443
	COLD SURGICAL CASES	371	559	1,125
	MAJOR SURGERIES OPERATED	2,502	3,069	3,826
	TOTAL SURGERIES OPERATED	6,471	8,506	11,249

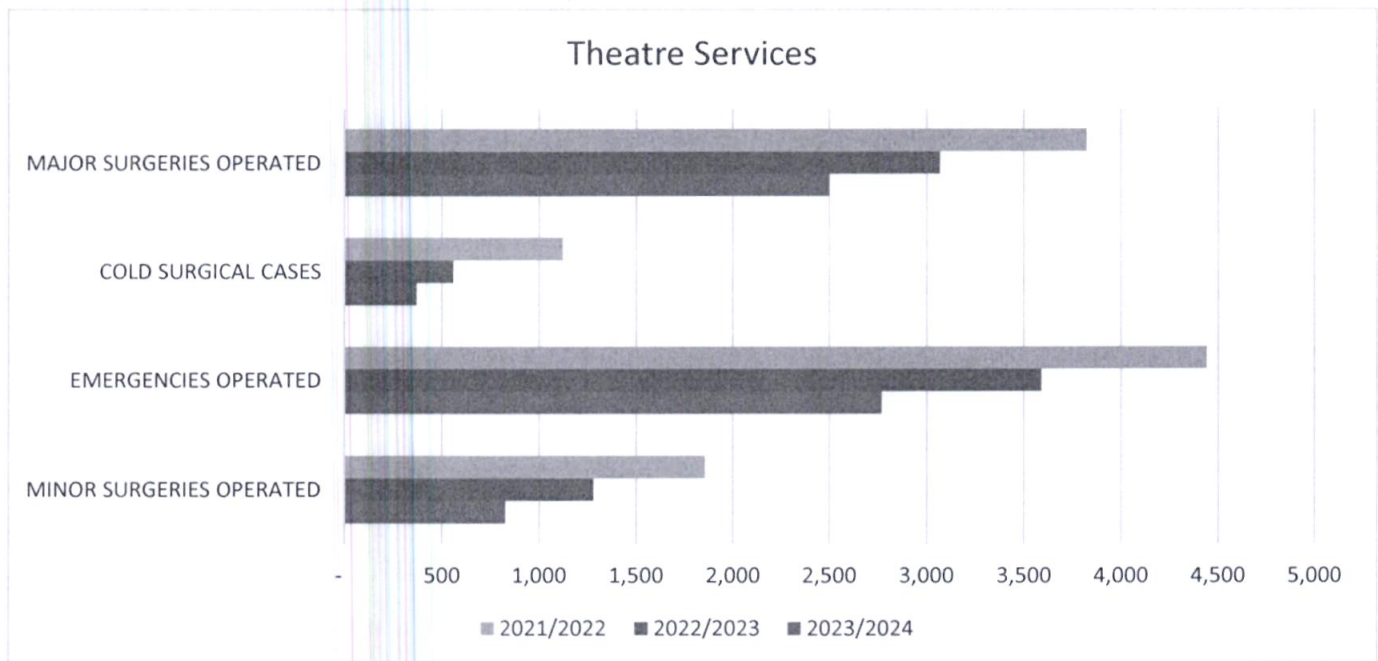
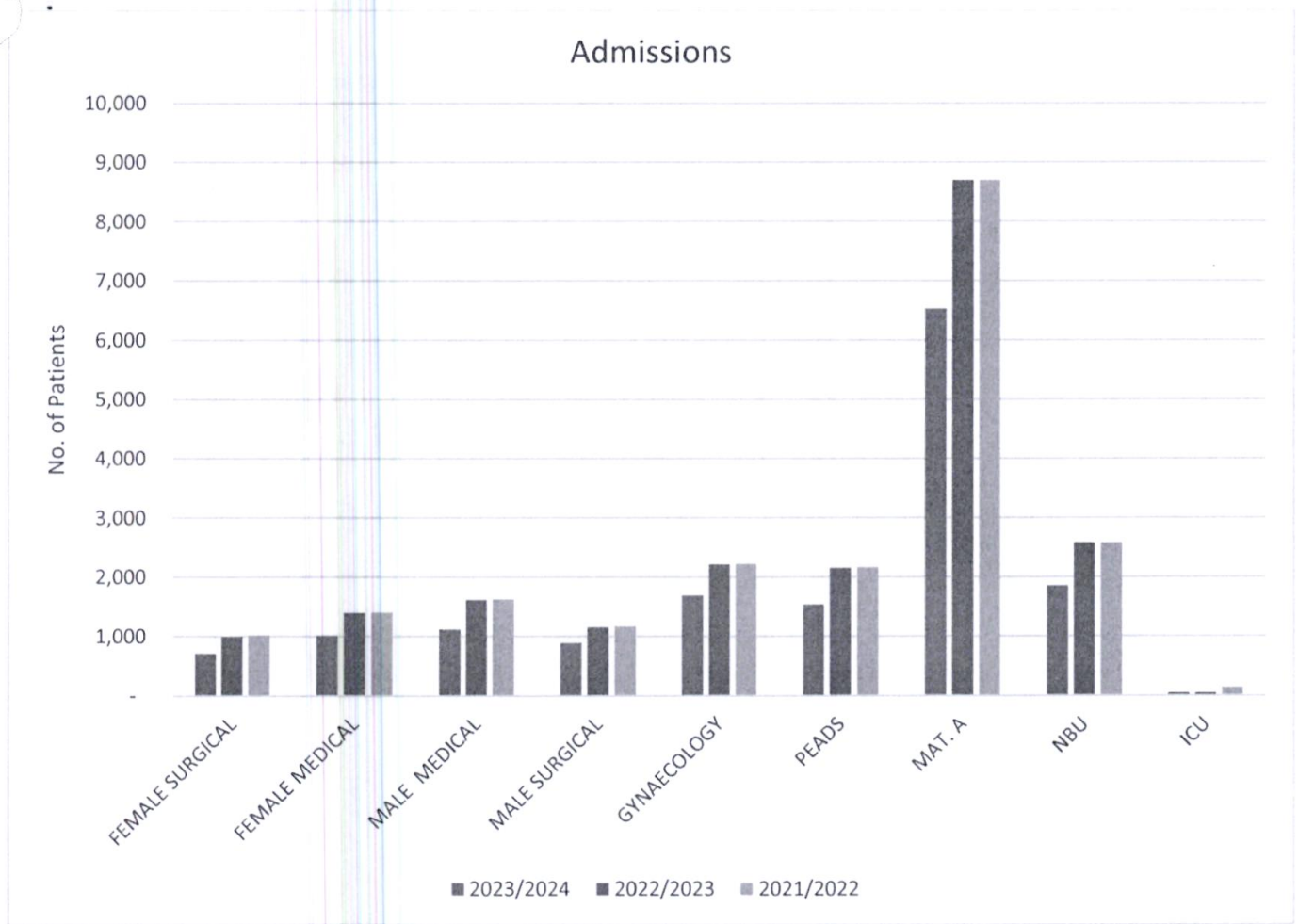
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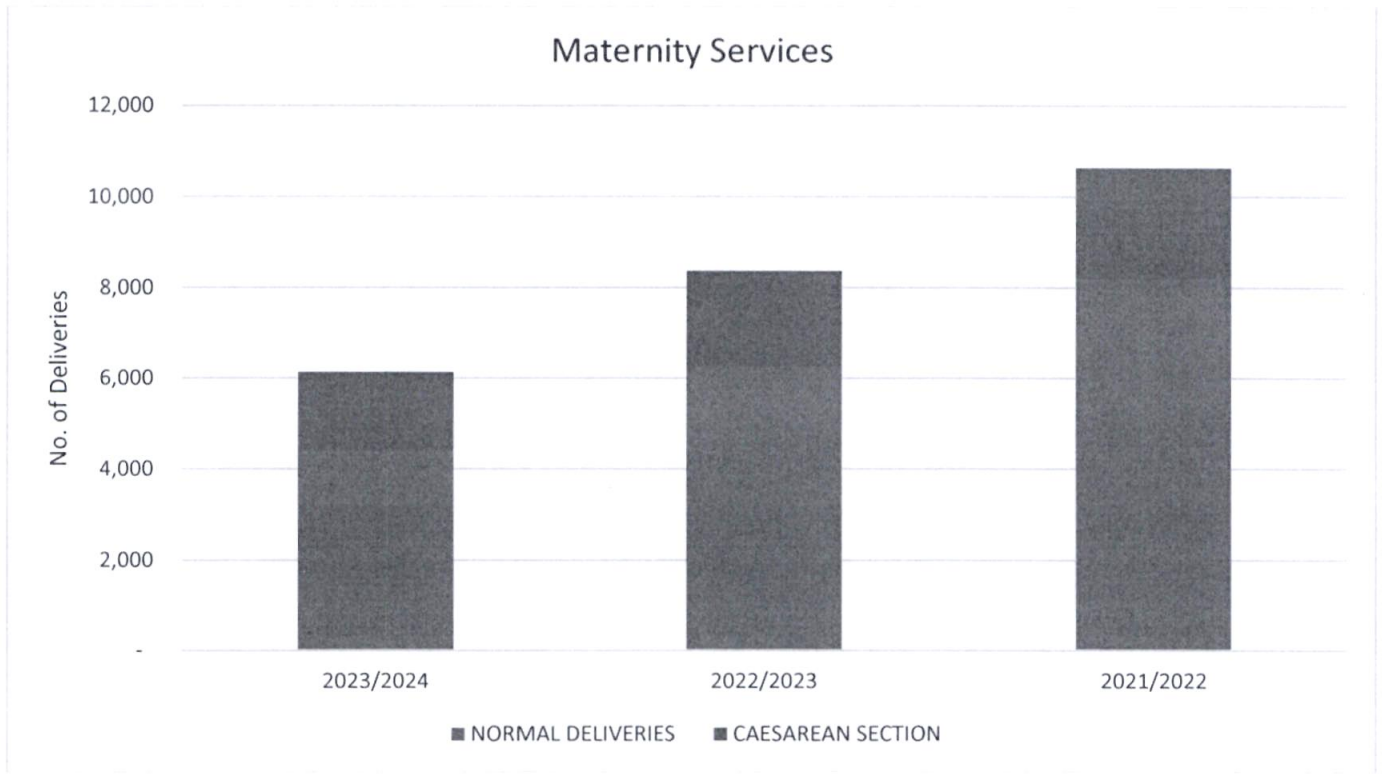
	DELIVERIES			
		2023/2024	2022/2023	2021/2022
	NORMAL DELIVERIES	4,399	6,262	8,183
	CAESAREAN SECTION	1,732	2,103	2,447
	TOTAL DELIVERIES	6,131	8,365	10,630











All the revenue was collected via Mpesa through the hospital pay system. And temporarily held in the Mpesa portal. the days collection is swiped to the revenue account held at family bank of Kenya at midnight. The revenue is later swiped to Kiambu County FIF Fund weekly. The hospital prepares an expenditure plan guided by the approved annual budget which provided the ceiling for all the expenditure items. During the year ending 30th June 2024 Kiambu level 5 hospital collected Ksh 203,956,481.50 and all the revenue was deposited in the family bank account.

During the same period, claims submitted to the NHIF amounted to ksh 125,088,100, capitation of ksh 15,730,780 for qrt 1,2 and 3 was paid. however, capitation amounting to ksh 5,352,00 for the 4th quarter was still pending as at the closure of the financial year 30th June 2024 and NHIF claims amounting to ksh 60,356,400 was also pending payment. .no financial grant was received from the national o government in the financial year 2023/2024.

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

REVENUES ANALYSIS			
FINANCIAL YEAR	CASH	NHIF CLAIMS	TOTAL
2021/2022	203,769,905	121,433,433	325,203,338
2022/2023	210,132,884	195,634,357	405,767,241
2023/2024	203,956,481.50	146,170,880	350,127,361.5

During the same period, Kiambu level 5 hospital received back FIF revenue from the County government of Kiambu amounting to ksh 223,716,878.00. This were the total AIES received it formed the basis for our expenditure plan. out this is ksh 22,127,459 was the unspent fund in the financial year 2022/2023 and had been deposited back to the FIF fund account. This money had been included in the financial year 2022/2023 as part of cash and receipts and was also recognised as part of AIES received in the same period. Therefore, this amount will be deducted from the year 2023/2024 receipts. /AIES

Below is the expenditure return for the year 2023/2024

ITEM NO.	VOTE	TOTAL AIE	CUM PAYMENTS	BALANCE
2110202	casual labour - others	36,786,726.00	36,758,446.00	28,280.00
2210101	electricity	12,500,000.00	12,500,000.00	-
2210102	water and sewerage charges	800,000.00	800,000.00	-
2210201	telephone, telex, facimile and mobile phone services	600,000.00	597,520.00	2,480.00
2210801	catering expenses	300,000.00	300,000.00	-
2211204	other fuel	527,890.00	527,890.00	-
2210502	publishing and printing services	6,793,050.00	6,791,050.00	2,000.00
2211024	x-ray supplies	4,701,150.00	4,679,450.00	21,700.00
3111101	purchase of medical & dental equipment	5,385,512.00	5,385,490.00	22.00
2210802	boards, committees, conferences and seminars	150,000.00	147,500.00	2,500.00

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

2211001	medical drugs	24,000,111.00	23,999,825.00	286.00
2211002	non pharmaceuticals	69,420,347.00	69,397,754.00	22,593.00
2211008	laboratory materials, supplies and small equipment	18,999,816.00	18,999,147.00	669.00
2211015	food and rations	11,763,149.00	11,717,119.00	46,030.00
2211101	general office supplies (papers, pencils, forms, small office equipment etc)	4,209,840.00	4,209,340.00	500.00
2211103	sanitary and cleaning materials, supplies and services	8,901,395.00	8,901,395.00	-
2211201	refined fuels and lubricants for transport	1,100,000.00	1,099,939.00	61.00
2220101	contracted services	7,211,000.00	7,210,124.00	876.00
2211021	purchase of linen	1,565,000.00	1,550,000.00	15,000.00
2211204	maintance of motor vehicle	200,000.00	-	200,000.00
2220205	maintenance of buildings and stations - non-residential	2,996,963.00	2,996,785.00	178.00
3111002	purchase of computers, printers and other it equipment	800,000.00	800,000.00	-
2211005	purchase of oxygen	3,279,929.00	3,279,929.00	-
3330201	maint of plant, equip & equip	375,000.00	375,000.00	-
2211004	insecticide	200,000.00	126,350.00	73,650.00
2211306	membership fees	150,000.00	9,450.00	140,550.00
	TOTAL	223,716,878.00	223,159,503.00	557,375.00

Section B

Entity's compliance with statutory requirements

Kiambu level 5 hospital has employed casual workers who are normally paid by the hospital. The hospital complies with all the set guidelines on statutory deductions and has no ongoing or pending court cases.

Section C

Key projects and investment decisions the entity is planning/implementing.

The facility infrastructure has improved significantly with a new 6 bed ICU and a well upgraded incinerator for waste disposal and management this has led to increased capacity for waste management. The hospital has upgraded the hospital transformer to allow for a more reliable power supply and this has been fully processed and installed. A new upgraded laundry machine and drying unit has also been installed and this will improve the quality of patient care.

A key challenge currently is the need to expand the number of theatres to allow for a greater output. We hope however that this will be completed soon. KL5H is looking forward to introduction of renal services in the near future. The hospital intends to carry out all the above projects using the FIF funds and NHIF funds plus any grant received from the county/national government.

Section D

Major risks facing the entity.

The major risk facing KL5H is its locality whereby its located within the environs of Nairobi County being a public Hospital. patients seeking for medical services in KL5H are from both Kiambu and Nairobi County this results to sharing of the available resources e.g., Beds capacity. This has resulted to our patients sharing beds increasing the risk of infections and re infections. Since Most of the patients seeking for services are from the middle class in the society with majority living below the poverty line, the hospital is forced to waive hospital bills for these categories of patients resulting to loss of revenue.

Material arrears in statutory/financial obligations

KL5H does not have any pending or defaulted loan during the year ending 30th June .KL5H had a pending bill amounting to ksh 569,548,484 only as at 30th June 2024.

Section F

The entity's financial probity and serious governance issues

KL5H adheres to the laid down government procedures and codes of ethics while handling our clients. The hospital staffs observe integrity, honesty, and decency in all their operations. Corruption is not

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

allowed in the hospital and to curb this KL5H displays “FREE CORRUPTIONS ZONE” posters all over the hospital and a toll number well displayed in posters.

Tendering process is competitive and open to the public. All the financial statements are well maintained.

8.Environmental And Sustainability Reporting

Two-to-three pages)

i) Sustainability strategy and profile

Kiambu Level 5Hospital 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 organisation's policies and activities that promote sustainability.

ii) Environmental performance

Kiambu level 5 hospital with the help of the Public Health department has policies laid down and procedures on waste disposals and segregation. All the medical wastes are properly handled to avoid contamination. Incinerator is handled by trained personnel and the facility is strategically located to avoid air pollution to the surrounding neighbourhood and all other expired pharmaceuticals are disposed following public procurement and disposal act of 2015.

iii) Employee welfare

Most of the hospital staffs were seconded from the national government and others hired by the county through the county public service board being an essential service provider, the hospital was forced to hire some staffs to fill the gap since the number of the posted staff is way much below the required bare minimum to match the growing workload all staffs are appraised annually.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

All the procurement is done through and open tender and request for quotations from the prequalified suppliers. The tendering process is competitive and open to all.in order to cater

for the youth and women 30% is set aside for them through AGPO.in order to avoid price inflation through market survey is done before awarding of the tenders.

- b) Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

- c) **Responsible Supply chain and supplier relations**

All the procurement is done through and open tender and request for quotations from the prequalified suppliers. The tendering process is competitive and open to all.in order to cater for the youth and women 30% is set aside for them through AGPO.in order to avoid price inflation through market survey is done before awarding of the tenders.

Explain how the organisation maintains good business practices and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

- d) **Responsible marketing and advertisement**

Although the tendering process is done at the county level, it's advertised through a national newspaper which is accessible to all the members of the public.no citizen is limited to apply if they qualify.

Outline efforts to maintain ethical marketing practices.

- e) **Product stewardship**

The hospital makes sure that pharmaceuticals and non-pharmaceuticals supplied to the facility are of good quality and can cause no harm to the patients.

Outline efforts to safeguard consumer rights and interests.

- v) **Corporate Social Responsibility / Community Engagements**

Being a public institution and non-profit making organization, the hospital only assists patients by waiving hospital bills. This relieves the burden of re infection as well as long stay in the hospital. Due diligence is done to the patient to identify the neediest cases with the help of the social workers who even conducts home visits.

9. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of Kiambu Level 5 affairs.

Principal activities

The principal activity/mission/ mandate of Kiambu Level 5 Hospital is to provide affordable general and specialized outpatients and inpatient services to the resident of Kiambu and its environs. The hospital provides curative and rehabilitative services, promotion and preventive services, primary health care services, including specialized services. These include outpatient general and specialized consultation services, laboratory services, dental, radiology, physiotherapy and occupational therapy services, orthopaedic/trauma services, palliative care, Ear Nose and Throat Department, ophthalmology services, Maternal Child Health Department, Integrated Management of Child illnesses' Department, casualty and emergency, Intensive Care Unit Department, Medical and surgical inpatient services, Paediatrics and New Born Unit services, maternity and postnatal services, Obstetrics and Gynaecology inpatient services, and funeral home services.

Results

The results of Kiambu Level 5 Hospital for the year ended June 30, 2024, are set out on pages 1 to 8

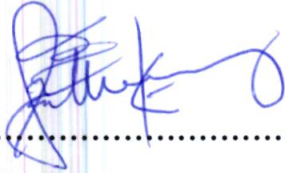
Board of Management

The members of the Board who served during the year are shown on page vii. During the year, no director retired/ resigned, and no director (s) was appointed with effect from July 2023 to date.

Auditors

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

By Order of the Board



.....
Name: Antony Murage
Secretary to the Board

10. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 and Kiambu county health services Act 2019 requires the Board of Management to prepare financial statements in respect of Kiambu Level 5 Hospital, which give a true and fair view of the state of affairs of Kiambu Level 5 Hospital at the end of the financial year/period and the operating results of Kiambu Level 5 Hospital for that year/period. The Board of Management is also required to ensure that Kiambu Level 5 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Kiambu Level 5 Hospital. The council members are also responsible for safeguarding the assets of Kiambu Level 5 Hospital.

The Board of Management is responsible for the preparation and presentation of Kiambu Level 5 Hospital financial statements, which give a true and fair view of the state of affairs of Kiambu Level 5 Hospital for the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Kiambu Level 5 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 Kiambu Level 5 Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kiambu county health services Act 2019 Kiambu county health services bill 2019. The Board members are of the opinion that the financial statements give a true and fair view of the state Kiambu Level 5 Hospital transactions during the financial year ended June 30, 2023, and of Kiambu Level 5 Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Kiambu Level 5 Hospital which have been relied upon in the preparation of Kiambu Level 5 Hospital financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern and Nothing has come to the attention of the Board of management to indicate that Kiambu Level 5 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

.....
Name: DR Joseph Kinga Njoroge
Chairperson
Board of Management

.....
Name: Dr Antony Murage
Accounting Officer

REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiambu Level 5 Hospital - County Government of Kiambu set out on pages 1 to 56 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of

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

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, in all material respects, the financial position of the Kiambu Level 5 Hospital - County Government of Kiambu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and did not comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Financial Management Act, 2012.

Basis for Adverse Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position and Note 31 of the financial statements reflects property, plant and equipment balance of Kshs.27,998,954. However, review of the asset register provided for audit revealed the following irregularities.

- i. The supporting schedules were not provided for audit.
- ii. The asset register provided for audit did not disclose the land owned and the ownership document for the land were not provided for audit.
- iii. Some asset recorded in the register provided lacked the monetary values for the listed asset items, which impedes accurate valuation.
- iv. The asset register lacked details which include, the make of the asset, depreciation rate, serial numbers of the assets, date of purchase and the location of the assets.
- v. The assets were also not tagged.
- vi. The Hospital Management purchased additional equipment's, printers and computers amounting to Kshs.7,715,900 during the year under review. However, the property, plant and equipment movement schedule did not include these additions.
- vii. Details on intangible assets including the health management system were not provided or recognized in the financial statements.
- viii. Certain items on the Asset register did not specify location of the assets, assets serial number and date of purchase leading to incomplete data that may result in misstatements in Asset register.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment totalling Kshs.27,998,954 could not be confirmed.

2. Trade and Other Payables

The statement of financial Note 34 to the financial statements reflects trade and other payables balance of Kshs.556,754,982 Included in this balance was Kshs.444,918,316 or 80% representing payables that have been outstanding for over one (1) year with an amount of Kshs.190,712,776 outstanding for more than three (3) years. The validity of these long outstanding debts could not be confirmed and Management did not provide the reasons why the long outstanding payables did not form the first charge in the subsequent year. Further, the trade and other payables increased from Kshs.469,355,620 to Kshs.556,754,982 by Kshs.87,399,361 or 16%. The Hospital Management did not demonstrate efforts undertaken to settle the payable balances and no explanation was provided for this.

In the circumstances, the Hospital may not be able to meet its obligations and may attract penalties and possible legal costs by failure to pay its creditors.

3. Receivables from Exchange Transactions

3.1 Unsupported Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.466,387,403 as disclosed in Note 28 to the financial statements. The Hospital Management explained that reported amount relates to 'medical services receivables' owed by Kiambu County Government. Although Management provided a monthly schedule/breakdown showing the makeup of the reported amount receivable, no evidence was provided to confirm that the amounts are actually owed by the debtor.

3.2 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.466,387,403 in respect of receivables from exchange transactions as disclosed in Note 28 to the financial statements. However, included in the balance are receivables amounting to Kshs.338,976,650 which had been outstanding for more than two years. There was no evidence of efforts made by the Hospital Management to recover the amounts and no provision was made for bad and doubtful debts. Further, receivables totalling Kshs.127,410,753 were incurred between the current and the previous one year despite the Hospital requirement of full payment before rendering services.

In the circumstances, the authenticity and accuracy of the accounts receivables balance totalling Kshs.466,387,403 could not be confirmed.

4. Misstatement of Employee Cost

The statement of financial performance and Note 16 to the financial statements reflects employee costs totalling Kshs.642,370,927. The amount was arrived at by multiplying the total salaries for the month of June, 2024 by 12 and does not factor in transfers, exits and addition of new employees and changes in allowances throughout the period. Further, monthly analysis of the payroll revealed that the employees were paid by the County an amount totalling Kshs.547,409,218 resulting to variance of Kshs.94,961,709.

In the circumstance, the accuracy and completeness of employee costs totalling Kshs.642,370,927 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu Level 5 Hospital - County Government of Kiambu 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.558,856,000 and Kshs.363,112,919 respectively, resulting to an under-funding of Kshs.195,743,081 or 35% of the budget. However, the Facility spent a balance of Kshs.72,622,584 against actual receipts of Kshs.363,112,919 resulting to an under-utilization of Kshs.290,490,335 or 80% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Audit Matters

In the audit report of the previous year, several audit issues were raised under Report of the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues are not disclosed in the financial statements and no information was provided on how the issues were resolved. Therefore, the issues remain unresolved.

Other Information

The Board of directors are responsible for the other information set out on page iii to xxxviii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive

Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu Level 5 Hospital – County Government of Kiambu financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregularities in Board Composition and Governance

The statement of financial performance and Note 17 to the financial statements reflects Board of Management expenses totalling Kshs.147,500. The full Board during the year under review constituted of five (5) members including the Medical Supritendent and not the minimum of seven (7) members as required under Mwongozo code of Governance.

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

2. Non-Compliance with Fiscal Responsibility Principles

The statement of financial performance and Note 16 to the financial statements reflects employee costs totalling Kshs.642,370,927. The amount represents approximately 63% of the total revenue of Kshs.1,013,986,547 being 28% percentage points over and above the maximum allowed ceiling contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the expenditure set not exceed to thirty-five (35) percent of the Organization revenue.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

During the financial year under review, the Hospital did not have a risk management policy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure

In the circumstances, the Hospital may not achieve the desired objectives in the absence of crucial policy documents.

2. Non-Disposal of Expired Drugs

The statement of financial position reflects inventories valued at Kshs.47,994,917 as disclosed in Note 30 to the financial statements. Physical verification and review of records revealed expired drugs of undetermined value of that were yet to be disposed of, as per the 'Pharmacy department expired drugs book'.

In the circumstances, existence of effective internal controls in the management of inventories could not be confirmed.

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

Responsibilities of Management and Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free

from material misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to 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 cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

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

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

Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	663,172,542	607,360,421
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		0	
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	203,956,482	210,132,884
Revenue from rent of facilities	12	0	
Finance /Interest Income	13	0	
NHIF	14	146,170,880	195,631,357
Revenue from exchange transactions		350,127,362	405,764,241
Total revenue		1,013,299,904	1,013,124,662
Expenses			
Medical/Clinical costs	15	272,387,443	231,005,361
Employee costs	16	642,370,927	648,014,315
Board of Management Expenses	17	147,500	165,000
Depreciation and amortization expense	18	9,639,365.00	6,716,355
Repairs and maintenance	19	4,172,245	4,248,498
Grants and subsidies	20	0	0
General expenses	21	41,995,554	38,234,432
Finance costs	22	70,025,472	80,619,678
Total expenses		1,040,738,506	1,009,003,639
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0


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Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	0
Waiver and exemptions	25	16,738,750	15,865,660
Impairment loss	26	(0)	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		-44,177,352.40	-11,744,637

(The notes set out on pages 9 to 55 form an integral part of the Annual Financial Statements.)

The hospital did not have a valid board of management as at 30th June 2024 as their term had expired awaiting appointment of another board.

.....
Chairman: Peter Njoroge kinga
Board of Management


.....
Head of Finance: Lydia Karanja
ICPAK No:20684


.....
Medical Superintendent Antony Murage

Kiambu Level 5 Hospital (Kiambu County Government)
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13. Statement of Financial Position as Of 30th June 2024

Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,777,161	22,954,965
Receivables from exchange transactions	28	466,387,403	409,978,910
Receivables from non-exchange transactions	29		
Inventories	30	47,994,917	38,080,133
Total Current Assets		516,159,481	471,014,008
Non-current assets			
Property, plant, and equipment	31	27,998,954	29,922,419
Intangible assets	32		0
Investment property	33		0
Total Non-current Assets		27,998,954	29,922,419
Total assets (A)		544,158,435	500,936,427
Liabilities			
Current liabilities			
Trade and other payables	34	556,754,982	469,355,621
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	
Total Current Liabilities		556,754,982	469,355,621
Non-current liabilities			0
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession Arrangements	40	0	0

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Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Social Benefits	41	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		556,754,982	469,355,621
			0
Net assets (A-B)		(12,596,546)	31,580,806
			0
Represented by:			
Revaluation reserve			0
Accumulated surplus/Deficit		(12,596,546)	31,580,806
Capital Fund			0
Net Assets		544,158,435	500,936,427

(The notes set out on pages 9 to 55 form an integral part of the Annual Financial Statements.)

The hospital did not have a valid board of management as at 30th June 2024 as their term had expired awaiting appointment of another board.

.....

...

**Chairman: Joseph Njoroge Kinga
Board of Management**

.....

**Head of Finance: Lydia Wanjiku Karanja
ICPAK No:20684**

.....

Medical Superintendent: Antony Murage

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	0	31,580,806	0	43,325,443
Revaluation gain	0	-	0	-
Surplus/(deficit) for the year	0	-44,177,352	0	-11,744,637
Capital/Development grants	0	-	0	-
As at June 30, 2023 (previous year)	0	31,580,80	0	31,580,806
	0		0	
At July 1, 2024 (current year)	0	31,580,806	0	31,580,806
Revaluation gain	0	-	0	-
Surplus/(deficit) for the year	0	-44,177,352.40	0	-43,052,607
Capital/Development grants	0	-	0	-
At June 30, 2024 (current year)	0	-12,596,546	0	-11,471,801

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

Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		223,716,878	350,306,782
Family bank grant account		262,082	571,131
FIF revenue		203,956,481.50	206,011,666
NHIF income		117,785,870.50	168,607,101
Total Receipts		545,721,312.5	725,496,680
Payments			
Medical/Clinical costs		154,683,078	225,808,042
Employee costs		36,758,466	50,439,264
Board of Management Expenses		147,500	165,000
Repairs and maintenance		3,371,785	4,390,024
Grants bank charges		10,200	531,338
Prior year balances		22,127,459	
General expenses		28,198,694	45,216,745
NHIF Transfer – FIF fund		117,389,636	199,866,665
Revenue to FIF fund		204,212,267	205,219,103
Total Payments		566,899,803.5	731,636,181
Net cash flows from operating activities	42	-21,177,803.5	-6,139,501
Cash flows from investing activities			
Purchase of property, plant, equipment		7,715,900	-2,390,270
Purchase of intangible assets		0	0
Proceeds from the sale of PPE		0	
Acquisition of investments		0	
Net cash flows used in investing activities		0	
Cash flows from financing activities			0
Proceeds from borrowings		0	(0)
Repayment of borrowings		0	0

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Description	Note	30 th June 2024	30 th June 2023
		Kshs	Kshs
Capital grants received		0	0
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		-13,461,903.5	-8,529,771
Cash and cash equivalents as at 1 July 2024	27	22,954,965	31,484,736
Cash and cash equivalents as at 30 June 2024	27	1,777,160.54	22,954,965

Kiambu level 5 hospital acquired computers and equipment amounting to ksh 7,715,900. Which were not paid for during the year. The figure did not therefore affect cash movement and has been included in the list of pending bills.



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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	0	0	0	0	0	0
Grants from donors and development partners	-	0	0	0	0	0
Transfers from other Government entities	-	0	0	0	0	0
Public contributions and donations	-	0	0	0	0	0
Rendering of services- Medical Service Income	286,456,000	0	286,456,000	204,643,125	81,812,875	71.4%
Revenue from rent of facilities	-	0	0	0	0	0%
Finance / interest income	-	0	0	0	0	0%
Miscellaneous receipts (<i>specify</i>)	272,000,000	0	272,400,000	158,469,794	113,930,206	58.17%
Total income	558,856,000	0	558,856,000	363,112,919	195,743,081	64.97%
Expenses						
Medical/Clinical costs	214,453,000	0	214,453,000	207,216,056.53	7,236,943.47	96.63%
Employee costs	48,000,000	0	48,000,000	44,369,771	3,630,229	92.43%
Remuneration of directors	500,000	0	500,000	147,500	352,500	29.5%
Repairs and maintenance	4,931,000.00	0	4,131,000	3,015,770	1,115,230	73%
Grants and subsidies	-	0	-	0	0	0%
General expenses	180,000,000	0	180,000,000	41,995,554	138,004,446	23.3%
Support Supervision	-	0	0	0	0	0%
Refunds	-	0	0	0	0	0%

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

Total Expenditure	447,084,000	0	447,084,000	295,267,726	150,339,348. 47	66%
Support Supervision	117,772,000	0	117,772,000	72,622,584	45,149,416	66%

Due to the health workers strike in the month of march to May 2024, Kiambu level 5 was not operational. this affected the targeted revenue as well as projected expenditure.

17. Notes to the Financial Statements

1. General Information

Kiambu level 5 Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is to provide affordable general and specialized outpatients and inpatient services to the resident of Kiambu and its environs.

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 Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kiambu Hospital. The financial statements have been prepared in accordance with the PFM Act, and Kiambu County Health Services ACT 2019 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

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

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

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by Board on *26th September 2023*. *No* 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, Kiambu Level 5 Hospital has not recorded so far, any additional appropriations for the period ending 30th June 2024 following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 9 under section 17 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **5** years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Unconditional grants		
Operational grant	0	-
Level 4/5 grants	0	-
Unconditional development grants	0	-
Other grants (<i>specify</i>)	0	-
	0	
Conditional grants		-
User fee forgone	0	-
Transforming health services for Universal care project (THUCP)	0	-
DANIDA	0	-
Wards Development grant	0	-
Paediatric block grant	0	-
Administration block grant	0	-
Laboratory grant	0	-
Total government grants and subsidies	0	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kiambu County Government	0	0	0	0	0
Total	0	0	0	0	0

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

7. In Kind Contributions from The County Government

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Salaries and wages	598,001,156	607,360,421
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (MEDS and Kemsa)	65,171,386	0
Utility bills	0	0
Total grants in kind	663,172,542	607,360,421

Included in the figure of salaries and wages is ksh 598,001,156 representing contractual and permanent and pensionable employees working at Kiambu level 5 hospital but paid by the county government.

Pharmaceuticals and non-pharmaceutical include ksh9,481,401 supplied directly to the laboratory department from KEMSA being HIV and TB testing kits.

The pharmaceuticals include ARVS drugs, TB drugs, family Planning drugs and malaria drugs. These drugs are used by both sub county hospitals and Family planning drugs are shared to the subcounty hospitals as well as the private hospitals within Kiambu subcounty

8. Grants From Donors and Development Partners

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from other National Hospital	0	0
Transfer from other Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Pharmaceuticals	44,589,952	44,782,576
Non-Pharmaceuticals	4,533,380	11,280
laboratory	46,667,313	46,682,687
Radiology	27,153,380	30,125,680
Orthopedic and Trauma Technology	180,900	230,800
Theatre	8,390,837	7,332,192
Accident and Emergency Service	150,810	1,188,310
Ear Nose and Throat service	746,000	455,450
Nutrition service	431,550	331,060
In Patients	29,386,027	-
Dental services	867,050	1,341,700
Reproductive health	3,602,310	1,355,180
Paediatrics services	6,584,446	8,662,980
Farewell home services	7,705,725	8,577,495
Ambulance services	389,000	-
Other medical services income (<i>attachments, ambulance, implants, psychiatry, mat, eye</i>)	22,577,802	59,055,554
Total revenue from the rendering of services	203,956,482	210,132,884

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
NHIF INCOME	146,170,880	195,631,357
Total Miscellaneous income	146,170,880	195,631,357

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

15. Medical/ Clinical Costs

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Dental costs/ materials & Med Equip	4,289,050	7,041,400
Laboratory chemicals and reagents	44,305,833	25,498,611
Public health activities	-	-
Food and Ration	15,060,379	21,844,120
Uniform, clothing, and linen	-	495,550
Dressing and non-pharmaceuticals	84,401,222	98,005,400
Pharmaceutical supplies	94,689,289	50,312,109
Health information stationery	4,209,870	3,146,850
Reproductive health materials	-	-
Sanitary and cleansing Materials	6,002,070.0 0	6,450,539
Purchase of Medical gases	5,748,400.5 3	3,568,543
X-Ray/Radiology supplies	6,028,800.00	8,939,354
Medical Equipment		-
Other medical related clinical costs (other fuel, refined fuel, computers)	7,652,529	5,702,885
Total Medical/clinical Costs	272,387,443	231,005,361

16. Employee Costs

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Salaries, wages, and allowances	642,370,927	648,014,315
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>specify</i>)	0	0
Employee costs	642,370,927	648,014,315

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Chairman's Honoraria	0	165,000
Sitting allowance	147,500	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	147,500	165,000

18. Depreciation and Amortization Expense

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Property, plant and equipment	9,639,365.00	6,716,355
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	9,639,365.00	6,716,355

19. Repairs And Maintenance

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Property- Buildings	2,426,475	3,304,730
Medical equipment	1,745,770	943,768
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	0	0
Total repairs and maintenance	4,172,245	4,248,498

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

20. Grants And Subsidies

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	200,000	88,750
Waste management expenses		
Insecticides and rodenticides	0	149,800
Audit fees	0	0
Bank charges	0	0
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	13,980,000	13,920,000
Electricity expenses	16,512,178	11,638,812
Fuel and Lubricants	0	0
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	0	0
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	0	0
Printing and stationery	8,490,550	9,504,220
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	2,365,306.	2,174,500
Skills development levies	0	0

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

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Telephone and mobile phone services	447,520	642,850
Internet expenses	0	0
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
Total General Expenses	41,995,554	38,234,432

22. Finance Costs

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
20% Support Supervision	70,025,472	80,619,678
Total finance costs	70,025,472	80,619,678

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

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	16,738,750	15,865,660
Total Gain/Loss	16,738,750	15,865,660

26. Impairment Loss

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Current accounts	1,777,161	22,954,965
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	1,777,161	22,954,965

Notes to the Financial Statements (Continued)

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

Description		30 th June 2024	30 th June 2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1156959950	557,374.65	22,127,459
Kenya Commercial bank - NHIF	1256260770	397,606	1,450
Family bank (Grant Account)	001000046394	284,802.89	33,493
Family bank. (Revenue Account)	001000053765	537,377	792,563
Sub - Total		1,777,161	22,954,965
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total			
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
			0
Grand total		1,777,161	22,954,965

28. Receivables From Exchange Transactions

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Medical services receivables	466,387,403	409,978,910
Rent receivables	0	
Other exchange debtors	0	
Less: impairment allowance	(0)	
Total receivables	466,387,403	409,978,910

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

Analysis of Receivables From Exchange Transactions

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	103,974,324	22%	47,565,831	17%
Between 1- 2 years	23,436,429	5%	23,436,429	20%
Between 2-3 years	161,139,013	35%	161,139,013	19%
Over 3 years	177,837,637	38%	177,837,637	44%
Total (a+b)	466,387,403	100%	409,978,910	100%

29. Receivables From Non-Exchange Transactions

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	0	0

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

Analysis of Receivables From Non-Exchange Transactions

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

30. Inventories

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Pharmaceutical supplies	14,905,795	18,372,975
Maintenance supplies	0	0
Food supplies	52,057	101,192
Linen and clothing supplies	1,701,900.00	2,773,769
Cleaning materials supplies	706,136	283,929
		1,011,580
General supplies	30,629,029	15,536,688
Less: provision for impairment of stocks	0	0
Total	47,994,917.00	38,080,133

Kiambu Level 5 Hospital (Kiambu County Government)

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2023	0	0	0	16,641,381	5,252,520	20,281,395	0	42,175,296
Additions	0	0	0	0	7,121,900	594,000	0	7,715,900
Disposals	0	0	0	0	0	0	0	
Transfers/adjustments	0	0	0	0	0	0	0	
At 30th June 2023	0	0	0	16,641,381	12,374,420	20,875,395	0	49,891,196
Depreciation and impairment								
At 1 July 2023	0	0	0	4,160,345.26	3,227,808.00	4,864,723.76	0	12,252,877.02
Depreciation for the year	0	0	0	2,080,172.63	4,949,768.00	2,609,424.38	0	9,639,365.00
Disposals	0	0	0	0	0	0	0	
Impairment	0	0	0	0	0	0	0	
At 30th June 2024	0	0	0	6,240,517.89	8,177,576.00	7,474,148.14	-	21,892,242.02

Kiambu Level 5 Hospital (Kiambu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
NBV As At 30th June 2024				10,400,863.12	4,196,844.00	13,401,247		27,998,953.98
NBV As At 30th June 2023				12,481,035.75	2,024,712.00	15,416,671.00	0	29,922,418.75

Kiambu level 5 hospital has adopted the generally accepted depreciation rates for its assets as below,

<u>ASSET</u>	<u>DEPRECIATION RATE</u>
1.Furniture Fittings and office Equipment	- 12.5%
2.Plant and Equipment	- 12.5%
3.ICT Equipment	- 40%

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

32. Intangible Assets-Software

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions–Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	30 th June 2024	30 th June 2023
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
Impairment	0	0
At end of the year	0	0

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

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	30 th June 2024		30 th June 2023	
	KShs		KShs	
Trade payables	542,305,950		469,355,620	
Employee dues	7,611,505		0	
Water and Electricity	6,837,527		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	556,754,981.54		469,355,620	
Ageing analysis:	Current FY	Current FY	Current FY	% of the total
Under one year	111,836,666	17%	96,798,666	17%
1-2 years	83,545,223	16%	121,270,109	36%
2-3 years	170,660,317	33%	92,596,473	15%
Over 3 years	190,712,776	34%	158,690,371	31%
Total	556,754,981.54	100%	469,355,620	100%

35. Refundable Deposits from Customers/Patients

Description	30 th June 2024		30 th June 2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total deposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0	0	0
1-2 years	0	0	0	0
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total	0	0	0	0

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

36. Provisions

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

37. Finance Lease Obligation

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

38. Deferred Income

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

(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).

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

40. Service Concession Arrangements

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

41. Social Benefits

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	30 th June 2024	30 th June 2023
	KShs	KShs
Surplus for the year before tax	-44,177,352.40	-11,744,636.74
Adjusted for:		
Depreciation	9,639,365	6,716,636.74
Non-cash grants received	0	(0)
Impairment	0	0
Gains and losses on disposal of assets	0	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working Capital adjustments		
Increase in inventory	-9,914,784	(14,827,170)
Increase in receivables	-56,408,493	(20,933,696)
Increase in deferred income	0	0
Increase in payables	87,399,361	36,458,156
Increase in payments received in advance	0	0
Net cash flow from operating activities	-13,461,903.86	-4,330,710

Kiambu level 5 hospital acquired equipment and computers amounting to ksh 7,715,900 which were not paid for as at 30th June 2024.this figure is included in the list of pending bill and did not affect movement of cash.

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

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2024 (current year)	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2024	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023 (previous year)			
Euro	10%	0	0
USD	10%	0	0
2024 (current year)			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (<i>excess cash and cash equivalents</i>)	0	0
Gearing	0	0

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services	0	0
Sales of services	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
	0	
d) Key management compensation		

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Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	30 th June 2024	30 th June 2023
	Kshs	Kshs
Court case xxx against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

47. Capital Commitments

Capital Commitments	30 th June 2024	30 th June 2023
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

(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)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

Kiambu Level 5 Hospital (Kiambu County Government)
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18. 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.

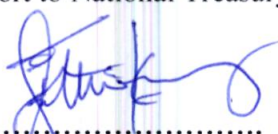
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FIN YR 21/22				
1	Un explained variances between fs and Supporting Schedules	This was first time of reporting where there was mixture of cash and cash reporting and Accrual Basis	Resolved	Resolved
2	Un explained Receivables	Bank Statement provided	Resolved	Resolved
3	Un supported PPE and no Depreciation	Fixed Assets Register Provided and Depreciation Charged	Resolved	Resolved
4	Un supported Trade and Payables	Aging Analysis of Pending bills provided	Resolved	Resolved
5	Un supported Capital Fund	This was an erroneous entry.	Resolved	Resolved
FIN YR 22/23				
1	Misstatement of Cash and Cash Equivalents	All stale Cheques Replaced, KRA Pin Obtained and PAYE being submitted	Resolved	Resolved
2	Long Outstanding Receivables	The Hospital Management following on the receivables	In progress	Not Resolved
3	Understated PPE	Hospital awaiting valuation of Land, Building and Assets Acquired before 2019	In progress	Not Resolved
4	Non-Disclosure of Donated Drugs	These are ARVS and TB Drugs from Kensa and Test Kits	Resolved	Resolved

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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)
5& 6	Variances on Receivable from Exchange Transactions	Reconciled	Reconciled	Resolved
7	Variance in Trade and other Payables	Kensa debts Reconciled	Reconciled	Resolved
8	Long Outstanding Pending bills	Awaiting Verification by the County pending bills committee	On going	Not Resolved
9	Lack of Management Policy	Management working on it	In progress	30 th June 2025
10	Non-Disposal of Expired Drugs	Committee already set	On going	31 st December 2025
11	In complete Assets Register	Hospital is in the process of tagging its Assets	On going	31 st December 2025

Guidance Notes:

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



Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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



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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Kiambu County Government	25/09/2023	69,135,107.00	0	69,135,107.00	
Kiambu County Government	12/01/2024	74,093,812.00	0	74,093,812.00	
Kiambu County Government	19/04/2024	63,564,489.20	0	63,564,489.20	
Kiambu County Government	24/06/2024	16,923,470.00	0	16,923,470.00	
Total		223,716,878.00	0	223,716,878.00	

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

Head of Accounts Department - Disbursing Entity:
 Name *Lydia Karanja* Sign *[Signature]* Date *31/12/2024*

Head of Accounts Department - Beneficiary Entity:
 Name *Alex Wani* Sign *[Signature]* Date *31/12/2024*

Appendix IV Reporting of Climate Relevant Expenditures

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



XX Hospital (XX County Government)

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Appendix V: Disaster Expenditure Reporting Template

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