

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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**REPORT**

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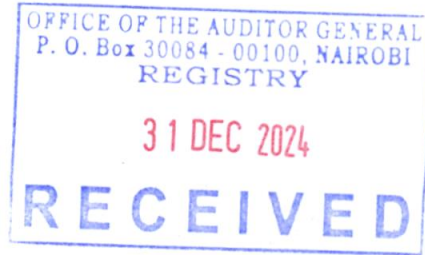
**OF**

**THE AUDITOR-GENERAL**

**ON**

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

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



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**KIHARA LEVEL 4 HOSPITAL  
(Kiambu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## 1. Acronyms & Glossary of Terms

### *a) Acronyms*

|         |  |
|---------|--|
| CSR     | Corporate Social Responsibility                    |
| OSHA    | Occupational Health & Safety Act                   |
| PFMA    | Public Financial Management Act                    |
| MED SUP | Medical Superintendent                             |
| CCC     | Comprehensive Care Clinic                          |
| HIV     | Human Immuno Deficiency Virus                      |
| AIE     | Authority to Incur Expenditure                     |
| EEC     | Expenditure Executive Committee                    |
| GOPC    | General Outpatient Clinic                          |
| MOPC    | Medical Outpatient Clinic                          |
| FIF     | Facility Improvement Fund                          |
| NHIF    | National Hospital Insurance Fund                   |
| MBchB   | Bachelor of Medicine and Bachelor of Surgery       |
| KISM    | Kenya Institute of Supplies Management             |
| MBA     | Master of Business Administration                  |
| SMC     | Senior Management Course                           |
| EmONC   | Emergency Obstetric and Newborn Care               |
| ACLS    | Advanced Cardiovascular Life Support               |
| ATLS    | Advanced Trauma Life Support                       |
| USAID   | United States Agency for International Development |

*b) Glossary of terms*

Fiduciary Management      Key management personnel who have financial responsibility in the Kihara Level 4 Hospital.

## **2. Key Kihara Level 4 Hospital Information and Management**

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

Kihara Hospital is a level (4) hospital established under gazette notice number 2071 dated 8<sup>th</sup> August 2008 and is domiciled in Kiambu County, Kiambu East District under the Department of Health Services. The facility sits on 9 acres of land gotten from the locals with the assistance of the then Kiambu County Council. The hospital is governed by a Board of Management.

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

**The Mission** of Kihara Level 4 Hospital is to promote and provide quality, curative, preventive, promotive and rehabilitative care to Kenyans

**Our Vision:** To create an enabling environment for provision of sustainable quality health that is acceptable, affordable and accessible to all Kenyans.

**Our goal:** Provide quality health services to all Kenyans and involve the community in the delivery of services.

**Our commitment:** We are committed to provide timely, efficient and consistent services to all our clients, patients and visitors

**Our core objectives:** To have a fully-fledged and functional level four hospital fully equipped with modern equipment in all departments.

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

Kihara Level 4 Hospital's Management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Others

### **(d) Fiduciary Management**

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

| No. | Designation                     | Name                |
|-----|---------------------------------|---------------------|
| 1.  | Medical Superintendent          | Dr. Mumira Samuel   |
| 2.  | Deputy Medical Superintendent   | Dr. Bevin Likuyani  |
| 3.  | Head of Finance                 | Salome Waweru       |
| 4.  | Head of Supply chain            | Lucy Kinuthia       |
| 5.  | Hospital Administrative Officer | Beth Mwangi         |
| 6.  | Nursing Service Manager         | Mercy Gathoni       |
| 7.  | Head of Pharmacy                | Dr Alfred Kang'ethe |

**(e) Fiduciary Oversight Arrangements**

- Hospital Management Team
- Hospital Executive Expenditure Committee
- Hospital Security Committee
- Hospital Funeral Committee
- Hospital Advisory Committee
- Hospital Quotation Opening and Evaluation Committee
- Hospital Disposal Committee
- Hospital Cleaning Committee
- Hospital Catering Committee
- Hospital Housing Committee
- Hospital Disability Committee
- Hospital Drugs and Substance Abuse Committee
- Hospital Pathology and Blood Transfusion Committee
- Hospital Data Review Committee
- Hospital Interview / Panel Committee
- Hospital Salary Review Committee
- Medicine and Therapeutic Committee
- Hospital Theatre Users Committee
- Infrastructure and Development Committee
- Infection Prevention Committee
- Training/Ethics/Research Committee
- Quality Control/Inspection and Acceptance Committee
- Waiver committee
- Staff Welfare Committee

**Kihara Level 4 Hospital Information and Management (continued)**

**(f) Kihara Level 4 Hospital Headquarters**

Gachie, Kiambaa Sub County  
P.O. Box 2344-00900  
Kiambu, Kenya.

**(g) Kihara Level 4 Hospital Contacts**

Telephone: (+254: (+254) 725783366  
E-mail: kiharahospital@yahoo.com

**(h) Kihara Level 4 Hospital Bankers**

Cooperative Bank of Kenya-Ruaka Branch  
Family Bank

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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




**(k) County Attorney**

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




### 3. The Board of Management




| Ref | Directors  | Details   |
|-----|--|---|
| 1.  | <p>Dr. Mathews Mutonga Gitagia</p>  | <p>Age;65 years old</p> <p>Chair of the Board</p> <p>Holds a Business administration (hons), Master in Business administration (strategy), CPS (K), Higher diploma (counselling psychology) and certified management trainer (Institute of health resource management &amp; USAID)</p> <p>20 years senior management experience at Kenyatta National Hospital</p>   |
| 2.  | <p>Peter Kamau Kiruri</p>          | <p>Age;42 years old</p> <p>Holds a Bachelor of Business Administration degree and a Double major in communications and political science from the University of Nairobi.</p> <p>A board member at Kihara Level 4 Hospital. 10 years' experience in the real estate business.</p>  |
| 3.  | <p>Jane Wangari Njoroge</p>       | <p>Age;62 years old</p> <p>Holds a Masters in Business Administration (MBA). A Bachelor of Commerce Degree in Business Administration.</p> <p>Supply Chain Management consultant, Country Mentor, Kenya, Sustainable Public Procurement SIDA Global Capacity Building programme. Former deputy Director General Public Procurement Regulatory authority. A licensed practitioner, member of KISM and a procurement professional with over 35 years' experience.</p> |




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|    |   |   |
|----|---|---|
| 4. | <p>Francis Waweru</p>      | <p>Age;48 years old<br/>Holds a Bachelor of Arts in Community Development and currently pursuing a Masters of Development studies.<br/>Community Capacity Development Service (KICOCAD), 12 years' experience. Prior experience as an enumerator for KNBS, program manager at a CBO – All Youth organizations of Kiambu. An elected civic leader between 2003 – 2007 for Kihara ward and early professional background at Kihara sub-district hospital.</p> |
| 5. | <p>Dr. Mumira Samuel</p>  | <p>Age;37 Years old<br/>Holds a Master of science in Obstetrics and Gynaecology (Mmed Obs/Gyn), Bachelor of medicine and Surgery (MBChB). Currently a Medical Specialist in Kiambu County Government, appointed as Medical Superintendent at Kihara Level 4 hospital in May 2023. 12 years work experience as a Medical doctor.<br/>Secretary of the Hospital Board.<br/>Not a member of ICS as required under the Mwongozo code.</p>                       |
| 6. | <p>Eliud Mbure</p>       | <p>Age;71years<br/>Community Representative and Retired Senior Chief with vast experience in Administration.</p>  |

**4. Key Management Team**

| Ref | Management  | Details  |
|-----|---|--|
| 1.  | <p>Dr Samuel Mumira</p>  <p>Master of Science in Obstetrics and Gynaecology. Bachelor of Medicine and Surgery. A Medical Specialist 2 in Kiambu County. 12 years' experience as a medical officer.</p>                   | <p>Medical Superintendent<br/>                     AIE Holder/Accounting Officer.<br/>                     Oversees, Coordinates and is responsible for all the activities of the hospital.<br/>                     Supervises and evaluates the activities of medical, nursing, technical, administrative, maintenance, and all the other personnel in the hospital.</p> |
| 2.  | <p>Dr. Bevin Likuyani</p>  <p>Assistant Chief Pharmacist with a Bachelor of Pharmacy, MBA and Master of Pharmacy in Pharmacoepidemiology and Pharmacovigilance. Over 10 years' experience working in Kiambu County.</p> | <p>Deputy Medical Superintendent.<br/>                     Assists the Medical superintendent.<br/>                     Oversees, Coordinates and is responsible for all the activities of the hospital.</p>   |
| 3.  | <p>Mercy Gathoni Gichia</p>  <p>Bachelor of Science in Nursing.<br/>                     Twelve (12) years' work experience in Kiambu County.<br/>                     Nursing officer In-Charge</p>                   | <p>Nursing Services Manager<br/>                     Incharge of Nursing services.<br/>                     Supervises nursing staff and is responsible for internal deployment of nurses in the hospital.<br/>                     Commodity nurse charged with management of non- pharmaceuticals.</p>   |




|    |  |   |
|----|--|---|
| 4. | <p>Beth Mwangi</p>  <p>Bachelor of Business Administration- Finance.<br/>15 years' work experience in Kiambu County.</p>  | <p>Hospital Administrative Officer</p> <p>Oversees the Organizational part and Administration duties in the hospital.<br/>Acts as the Hospital's Human Resources officer.<br/>Secretary of the Hospital Management Team.</p>    |
| 5. | <p>Salome Muthoni Waweru</p>  <p>Senior Accountant in Kiambu County. Certified Public Accountant (K) with a Bachelor's of Business Management (Finance and Banking). Ten (10) Years work experience.</p> | <p>Hospital Accountant In-charge</p> <p>Oversees revenue collection, focal person in the preparation of budgets, execution of the budgets, prepares financial reports. Secretary of the EEC.</p>                                |
| 6. | <p>Teresia Wainaina</p>  <p>Medical Laboratory Officer with a Bachelor of Science in Medical Laboratory Sciences and a Diploma in Medical Laboratory Sciences.<br/>11 years work experience.</p>        | <p>Medical Laboratory Officer In-charge.</p> <p>Responsible for supervising the laboratory personnel.<br/>Receiving, processing and analysing samples.<br/>Conducting lab tests according to standard operating procedures.</p> |




|           |   |  |
|-----------|---|--|
| <p>7.</p> | <p>Dr. Irungu Eric Teddy Mwangi</p>  <p>Senior Medical Officer with 11 years' experience. Bachelor of Medicine, Bachelor of Science (MBChB) and MMed Radiology and Imaging.</p>  | <p>Head of Radiology Department.<br/> Responsible for supervising the radiology personnel.<br/> Analyses medical images to diagnose and monitor diseases, interpret test results, and communicate findings to other healthcare professionals.</p>  |
| <p>8.</p> | <p>Dr Alfred Kang'ethe</p>  <p>Pharmacist In Charge with a Bachelor of Pharmacy, 5 Years' experience as a Pharmacist.</p>  | <p>Head of Pharmacy Department.<br/> Supervises the pharmacy staff.<br/> Responsible for dispensing of medications, quality testing, formulating and re-formulating dosage forms, monitoring and reporting drug safety, and preparing budgets for drugs.</p>   |
| <p>9.</p> | <p>Dr Evyonne Mutabari</p>  <p>Bachelor of Medicine, Bachelor of Surgery (MBChB), advanced comprehensive obstetric and anaesthetic skills, certificate in leadership and Management in Health, ACLS, ATLS, EMONC. Five (5) years' experience in Kiambu County.</p> | <p>Medical Officer In Charge.<br/> Responsible for conducting daily clinical assessment and prescription of treatment to patients. Identify and coordinate referral of patients for further management. Admit patients to the wards when necessary.<br/> Carry out surgical procedures at the hospital.<br/> Attends court cases.<br/> Attends to emergencies in the ward.<br/> Provides health talks to staff and patients.</p> |


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|            |  |   |
|------------|--|---|
| <p>10.</p> | <p>Joan Njeru Mutitu</p>  <p>Senior registered clinical officer with a Diploma in Clinical Medicine</p>     | <p>Clinical Officer In charge</p> <p>Responsible for clerking of patients in the outpatient which includes; examine, diagnose, order laboratory and imaging investigations, prescribe treatment and perform procedures</p>  |
| <p>11.</p> | <p>Nancy Muiruri</p>  <p>Public Health Officer with a Diploma in Environmental Health Sciences.</p>        | <p>Head of Public Health Department.</p> <p>Supervises and organises casual workers.</p> <p>Responsible for hospital hygiene and sanitation.</p> <p>Inspects and examines food and rations brought in the hospital if fit for human consumption.</p>                        |
| <p>12.</p> | <p>Michael Kuria</p>  <p>Health records officer with a diploma in Health records Information Systems.</p> | <p>Head of Health Records Department</p> <p>Responsible for registering of patients, issuing of patient files and safe keeping of the files electronically and manually. Collect, compile and generates data including the workload from the health information system.</p> |

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|            |  |  |
|------------|--|--|
| <p>13.</p> | <p>Lucy Njeri Kinuthia</p>  <p>Supply Chain Management Officer with a Diploma in Supply Chain Management and 12 years work experience.</p>                        | <p>Head of Procurement Department.</p> <p>Responsible for all the purchasing of goods and services in the hospital.</p> <p>In charge of the hospital stores</p> <p>Prepares the procurement plan for the hospital.</p> <p>Updates stock cards and checks on the re-order levels of all commodities.</p>                |
| <p>14.</p> | <p>Rose Oduor</p>  <p>Orthopaedics and Trauma Technologist with a Diploma in Orthopaedic Trauma Medicine</p>   | <p>Head of Ortho-Trauma Department</p> <p>Responsible for Interpreting radiological images of orthopaedic and trauma cases.</p> <p>Carrying out minor Orthopaedic Operative techniques involving insertion and removal of Steinman's pins and skull callipers;</p> <p>Application and removal of plaster of paris.</p> |
| <p>15.</p> | <p>Paul Njoroge Njuguna</p>  <p>Biomedical Engineer with a Diploma in medical engineering. Thirty (30) years' work experience in various counties in Kenya.</p> | <p>Head of the Bio-Medical Engineering Department.</p> <p>Responsible for the Planned Preventative Maintenance Schedule and servicing of medical equipment.</p> <p>Trains staff on proper handling and use of medical equipment</p>  |

|            |  |   |
|------------|--|---|
| <p>16.</p> | <p>Annerose Njeri</p>  <p>Medical Social Worker with a Bachelor of Arts in Gender and Development Studies and Diploma in Social work and community development. Course in National HIV Integrated Training for health workers and certificate in mental health, recovery and community inclusion.</p> | <p>Medical Social Worker.</p> <p>Conducts psychosocial assessment on patients.</p> <p>Counselling those in crisis or experiencing distress.</p> <p>Making home visits to patients to assess patient's capacity and capabilities in order to secure resources.</p> |
| <p>17.</p> | <p>Betty N. Kiruki</p>  <p>Registered and licensed physiotherapist with the Physiotherapy Council of Kenya with 17 years of work experience. Gazetted and experienced Joint Health Inspector for public and private health facilities.</p>  | <p>Head of Physiotherapy Department.</p> <p>Responsible for helping patients affected by injury, illness or disability through movement and exercise, manual therapy, education and advice.</p> <p>Conducts disability assessment.</p>                            |
| <p>18.</p> | <p>David Gitau Mbugua</p>  <p>Nutritionist with a Certificate in community nutrition and 30 years' work experience.</p>   | <p>Head of Nutrition Department</p> <p>Assess clients' nutritional and health needs.</p> <p>Counsels clients on nutrition issues and healthy eating habits.</p> <p>Develops meal and nutrition plans, taking clients' preferences and budgets into account.</p>   |

|     |   |   |
|-----|---|---|
| 19. | <p>Mercyline Sayo Kibira</p>  <p>Senior occupational therapist and County deputy rehabilitative services focal person with 13 years' experience. Bachelor of Science Occupational therapy and diploma in Occupational therapy.</p> | <p>Head of Occupational Therapy Department.</p> <p>She evaluates and treats patients who have injuries, illnesses, or disabilities. They help patients meet goals to develop, recover, improve, and maintain skills needed for daily living and working.</p> <p>Conducts disability assessment.</p> |
|-----|---|---|

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

The Board of Management at Kihara Level 4 Hospital was successfully inaugurated on the 7th of July, 2021 following gazettelement according to the Constitution of Kenya, Kiambu County Health Services Act No. 2 of 2019. The Board members were issued with appointment letters and on behalf of the members it is with great pleasure to appreciate the leadership of County Government of Kiambu and the efforts of the County Executive Committee member – health services on appointing the hospital board. It is with great honour to steer the board's priorities, objectives and strategic plans. Serving as the spokesperson to the hospital staff, stakeholder groups and community at large is no mean feat and requires serving the best interests of the hospital and its clientele. Together with the hospital Chief Executive Officer we have set clear goals and objectives and continue to monitor the hospital performance - operational and financial performance, regularly. We appreciate the hospital management team that continuously appraise the board through reporting on status and challenges at the facility. There has been an upward trend observed in the hospital in the year 2023/2024 in terms of development projects which include renovation of the facility by the County of Kiambu which is still ongoing. During the year there was also installation of a modern digital X-ray Machine and Ultrasound that will improve service delivery and revenue generated by the hospital. The board recommendations from the four (4) meetings held in the year have been well articulated by the hospital management with majority of the challenges well addressed that are within the control of the hospital. An annual work plan, procurement plan and annual budget were availed for the reported financial year. Financial challenges are noted to persist; however, improvement is noted with the establishment of the county facility fund from April 2022. Revenue in the financial year had a downward trend due to the ongoing renovations from November 2023 that are still ongoing we however believe that once these are completed the revenue will improve immediately. Without a doubt, service delivery has improved in the facility with reduced complaints from clients and community at large. The board promises to actively engage stakeholders and the community to advocate for the utilization of services at Kihara Level Hospital, to create a communication tool for the feedback received from the community and to continue supporting the hospital management in the running of the facility. The future outlook of the board is to strengthen the various sub-committees of the board with inclusion of the hospital staff to ensure delivery of quality services and to assess patient care.



**Dr. M.M. Gitagia**

**Chairman to the Board**

On the health products and technologies; availability of essential medicines is at about 90% stock levels with reduced stock outs, inconsistent supply of non-pharmaceuticals, Availability of Laboratory supplies and reagents at 60%, Availability of X-ray department supplies at 60%.

On health information system; Health facility reporting is complete, accurate, timely and relevant.

Archiving and filing system are lacking in the hospital records room due to lack of shelves and cabinets.

The hospital has 1 ambulance, and 1 utility vehicle with their maintenance costs covered by hospital funds.

The hospital has an agreement with a fuel station where we deposit a cheque in advance for the hospital vehicles to draw the fuel. The fuel is controlled using the detail orders which can only be authorized by the Medical superintendent or the health administrative officer. The fuel is also used for generator, lawn mower and utility vehicle.

The achievements so far include;

1. Initiation of major renovation works by the county to address the dilapidated situation of the hospital's infrastructure.
2. Installation of a modern Digital Xray and Ultrasound machine.
3. Modernized refurbished ambulance available to Kihara sub- County Hospital and other Kiambaa subcounty hospitals.
4. Functioning CCTV System in the Parking and Out-Patient area.
5. Construction of a Burning Chamber.
6. Electrical renovations leading to reduced power outages and destruction of equipment.

The challenges faced include;

1. Tedious non autonomous procurement process leading to constant shortages of non-pharmaceuticals, lab supplies amongst other supplies leading to poor service delivery.
2. Substantial debts in the facility and inconsistent reimbursement of funds.
3. Accumulation of pending bills of Ksh 33M.
4. Poor network and ICT infrastructure.
5. Inadequate staff in relation to workload in most departments and across all cadres, with a resultant low motivation of staff.
6. Lack of a stand-Alone transformer for the facility
7. High staff turnover with no replacement

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

The number of staffs are inadequate in all departments falling short of a Level 4 hospital. The human resource for health at Kihara Level 4 Hospital is currently as follows; total of 95 County employees of whom 7 are on study leave. There are 22 casuals and contracted professionals hired by the hospital. The facility runs 24 hours a day, seven (7) days a week with the following departmental staffing: 1 Medical superintendent, 1 deputy medical superintendent, 2 Obstetrician gynaecologists, 2 Physicians, 2 Paediatrician, 1 Radiologist, 2 Medical officers, 1 Pharmacists, 1 Hospital administrator, 2 Oral health officers, 3 Pharmaceutical technologists, 5 Medical lab technologists, 2 Nutritionists, 1 Physiotherapist, 1 Occupational therapist, 2 Orthopaedic officers, 2 Health records officers, 1 Procurement officer, 6 Clinical officers, 2 Clinical Officer anaesthetists, 27 Nurses, 2 Medical engineering, 1 Accountant, 1 Social worker, 1 ICT officer, 3 Clerical officers, 1 Drivers and 5 support staff.

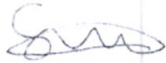
The hospital's source of funds is mainly two; FIF and NHIF. All the money collected in the hospital is collected via the hospital paybill account, which is then remitted to Kihara revenue account, and funds are later transferred to the County FIF FUND Account. The EEC makes a monthly budget which is guided by the amount of money collected in that month, that is later reviewed and approved by the HMT. The budgets are then forwarded to the County for reimbursement and AIE approval. Total revenue collection for the FY 2023/2024 amounted to Ksh. 22,789,279.

The hospital has been operating on credit with pending bills of about Ksh. 33M

Free maternity (LINDA MAMA) funds are billed as per the deliveries conducted at a rate of 5000/= per delivery for both normal and CS deliveries. For NHIF members Ksh 10,000 is billed for Normal Vaginal Delivery and Ksh 30,000 for Caesarean sections. The hospital also offers inpatient and outpatient NHIF services, the NHIF funds are deposited by the insurer into the County Revenue Account, and thereafter disbursed to Kihara Hospital NHIF account. The facility plans to actualize Universal Healthcare Coverage in order to reduce cash payments and financial burden to the clients and increase revenues through NHIF.

There is a comprehensive range of services provided at the facility including preventive, curative, rehabilitative and health promotion services. There are 2 MOPC clinics in a week, 2 GOPC clinics in a week, Daily physiotherapy clinics, Daily dental clinic, an average of 250 skilled deliveries conducted in a month and an average of 2400 patients seen monthly.

8. Lack of vital machinery such as autoclave machine, laundry machine hampering infection prevention and control measures.
9. Outdated and non-functional machines in the physiotherapy and occupational therapy departments.
10. Lack of a junk store for the broken-down machines, obsolete or expired drugs.
11. Inadequate shelving at the records office and poor ventilation.
12. No cold room for the kitchen and mortuary as those installed pre- devolution have never functioned since commissioning.



.....  
**Dr. SAMUEL MUMIRA**

**Secretary to the Board**

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

Kihara Level 4 Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2024. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Curative and Rehabilitative Health Services

Pillar/theme/issue 2: Preventive and Promotive Health Services

Pillar/theme/issue 3: General Administration, Planning, Management Support and Coordination

Kihara Level 4 Hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Kihara Level 4 Hospital’s performance for the FY 2023/2024 for its 3 strategic pillars, is as indicated in the table below:

| Strategic Pillar/Theme/Issues  | Objective  | Key Performance Indicators  | Activities   | Achievements   |
|--|--|---|--|--|
| <b>Pillar/ theme/ issue 1:</b> Curative and Rehabilitative Health Services | <ul style="list-style-type: none"> <li>-To provide Effective, Efficient curative and rehabilitative services</li> <li>-To conduct cervical cancer outreaches</li> <li>-To conduct immunization on HPV</li> <li>-To conduct long term FP outreaches</li> <li>-To renovation of out patient</li> <li>-To renovate the operating theatre</li> </ul> | <ul style="list-style-type: none"> <li>MOH Registers</li> <li>-Patients Files</li> <li>-KHIS</li> </ul> | <ul style="list-style-type: none"> <li>Primary care treatment and diagnostic services</li> <li>-Primary facility in-patient and general outpatient services</li> <li>-Specialized outpatient services</li> <li>-Rehabilitative and theatre services</li> <li>-Referral services</li> <li>-Mortuary services</li> </ul> | <ul style="list-style-type: none"> <li>Increase of patients being attended</li> <li>-Improved health care</li> <li>-Increased referrals in for specialised care</li> </ul> |
| <b>Pillar/ theme/ issue 2 :</b> Preventive and Promotive Health Services   | <ul style="list-style-type: none"> <li>-To provide effective and efficient preventive and promotive health interventions</li> </ul>  | <ul style="list-style-type: none"> <li>-MOH Registers</li> <li>-Facility Supervision</li> </ul>         | <ul style="list-style-type: none"> <li>-Reproductive Maternal Neonatal Child Health (RMNCH) Services</li> </ul>  | <ul style="list-style-type: none"> <li>-Reduction in maternal and neonatal morbidity and mortality</li> </ul>  |

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|   |  |  |   |   |
|---|--|--|---|---|
|   |  | Booklet<br>-KHIS                                       | -Immunization Services<br>-HIV ,TB Control Interventions<br>-Non-Communicable Disease Control<br>-Environmental Health, Water and Sanitation Interventions<br>-Nutrition Services | - Increased immunization and nutrition services coverage<br>-Increased screening in HIV/TB/NCDs |
| <b>Pillar/ theme/ issue</b><br>3: General Administration, Planning, Management Support and Coordination | -To train on RH related issues e.g cervical cancer screening<br>-To construct and maintain buildings<br>-To procure and maintain medical and other equipment<br>-To manage and coordinate health services<br>-To conduct health sector planning, budgeting and monitoring & evaluation | Meeting minutes<br>Procurement documents such as L.P.O | On job trainings and support supervisions<br>Procurement of medical supplies<br>HMT meetings<br>EEC meetings  |   |

In line with the National strategic plans, the performance overview described is according to the six policy objectives of the Kenya Health Policy 2014-2030 which enables us to monitor health indicators and aim to achieve health outcomes in line with the WHO Millennium Development Goals.

**Policy objective 1: To eliminate communicable conditions.**

Routine immunization coverage of children aged 12 to 23 months is at 103.0 % an increase from the previous quarter. There were notably 83 new cases of HIV infected patients with an increase of clients currently on Anti-Retroviral Treatment at 9,289. Of note is the steady rise of TB incidence (cumulative 82 new cases) in the community served at the facility therefore surveillance and routine screening must be strengthened to ensure spread of TB is curbed at the community.

**Policy objective 2: To halt and reverse the rising burden of non-communicable conditions and mental disorders.**

Facility data shows a decrease in number of clients seen in the medical outpatient clinic, largely due to hospital renovations.

**Policy objective 3: To reduce the burden of violence and injuries however reliable data for proper monitoring of the indicators of this objective are not adequately available.**

**Policy objective 4: To provide essential health care.**

A total of 17,525 patients have been attended to at the outpatient, of which 14,541 are over 5 years and 2,984 under 5-year patients. A total of 695 and 1,154 patients admitted at the general ward and maternity wards respectively over the period of July 2023 to June 2024. A total of 1,718 patients attended special clinics including medical, obstetrics/gynaecology, paediatric and psychiatric outpatient services.

**Policy objective 5: To minimize exposure to health risk factors, however, data was not sufficiently captured.**

**Policy objective 6: To strengthen collaboration with private and other health-related sectors that have an impact on health.**

We have partnered with institutions such as the World Health Organization (WHO) to help in improving surveillance of Polio in the community.

We have held initial discussions with the Rotary Club to aid in improving the infrastructure at the morgue through building a viewing area.

Through collaboration with Médecins Sans Frontières (MSF) we have started a methadone dispensing initiative for patients struggling with heroin addiction.

- (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) Establish a hospital – community participation and feedback platform.
- (f) Assessing the delivery of services at the hospital and advice the Executive Member.
- (g) Monitoring the hospital performance against set targets and advice the Executive Member.
- (h) Carrying out any other function that maybe assigned by the Executive Member.

The Board has performed exemplary well on their mandates during the last financial year despite challenges and are more committed to achieve much on the next financial year. /

The board was trained and inducted on their roles and were duly vetted before they were issued with appointment letters.

There was no conflict of interest that arose in line with the Board executing their mandates.

The Board Members remunerations/allowances were based on the salary and remuneration commission circulars dated 16<sup>th</sup> April, 2014 Ref. No: SRC/ADM/CIR/1/13(122 ).

The board uses the charter of the Kiambu County Government.

The conduct of the board members was ethical as they followed the code of conduct during their execution of their mandates as per the Kiambu Health Act,2019.

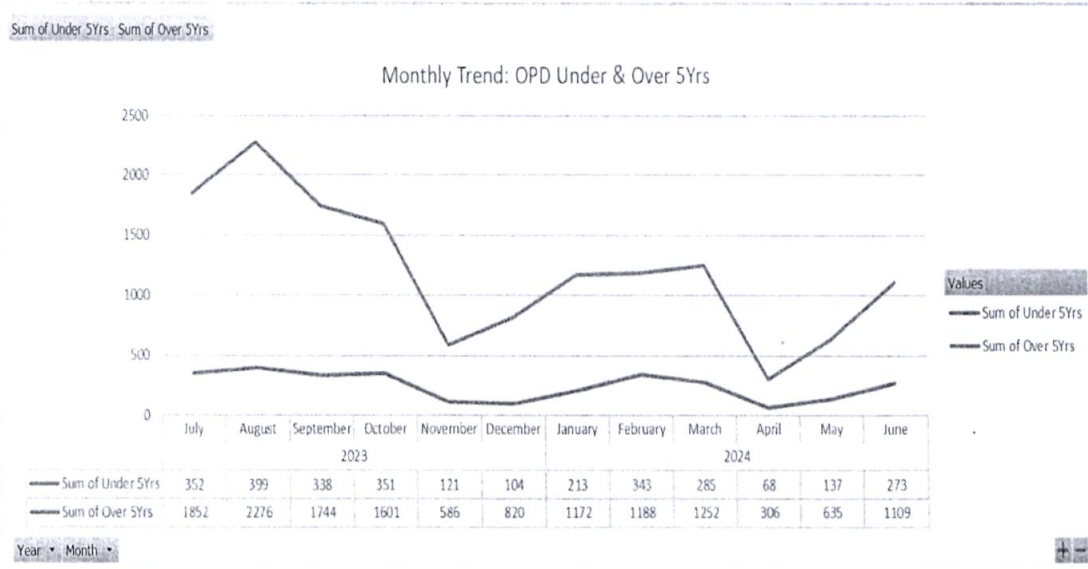
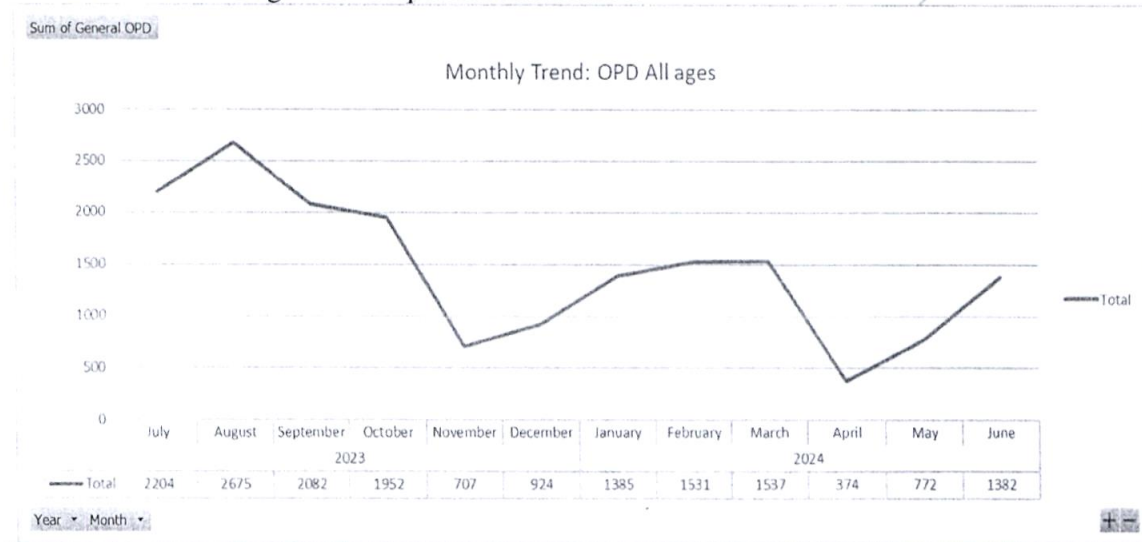
**9. Management Discussion and Analysis**

The services offered at Kihara Level 4 Hospital include: Out-patient (laboratory, dental, orthopaedic, pharmacy, physiotherapy, occupational therapy, family planning, child welfare), accidents and emergency, general in-patient services, specialized clinics (medical, gynaecological, psychiatric and psychotherapy), CCC services, reproductive health and maternity services, theatre and health promotion and prevention services.

**Clinical/Operational Performance**

**Opd Report Kihara Level 4 Hospital**

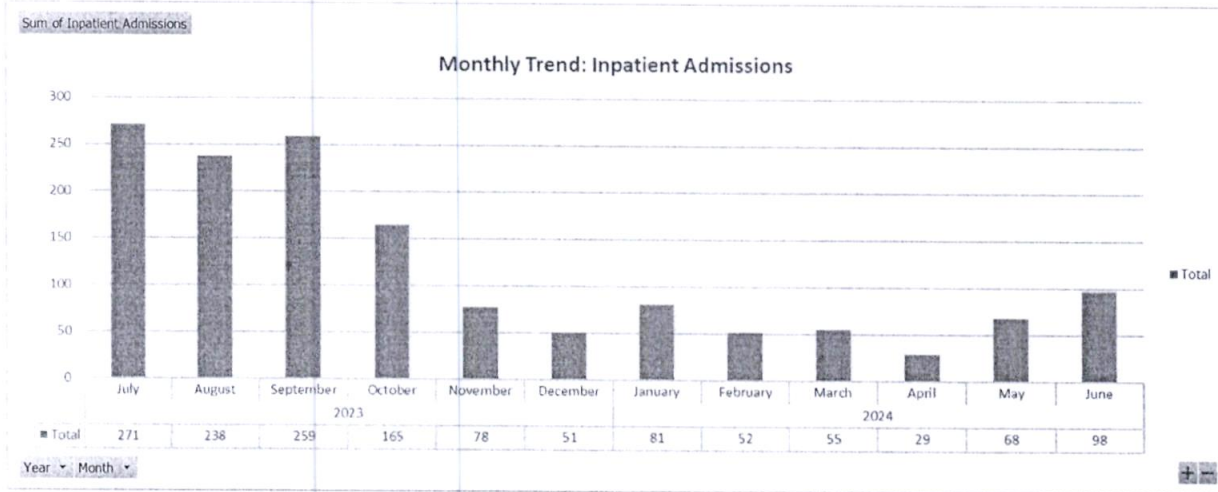
This is an outline of general outpatient attendance.



**Data Source: KHIS**

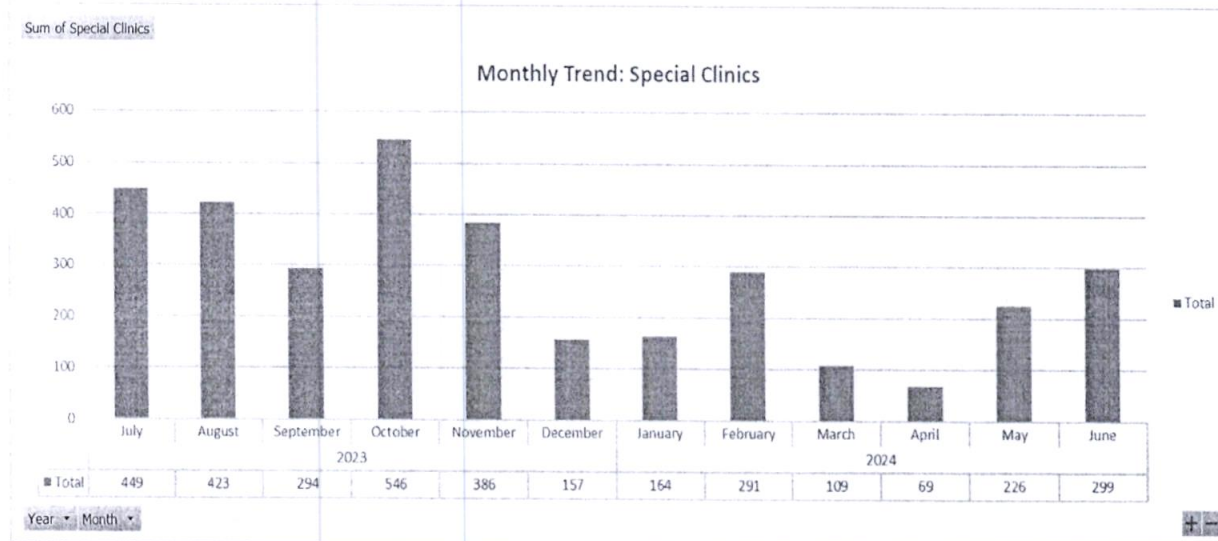
**Inpatient Department Kihara Level 4 Hospital**

This is an outline of inpatient admissions. Over 65% of inpatient are maternity admissions.



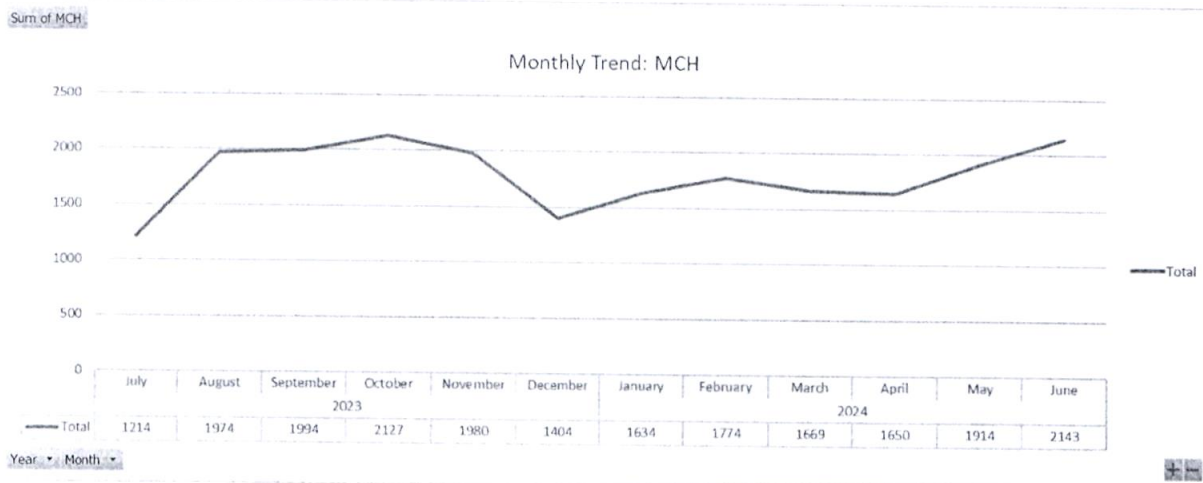
**Data Source: KHIS**

**Special Clinics Kihara Level 4 Hospital**



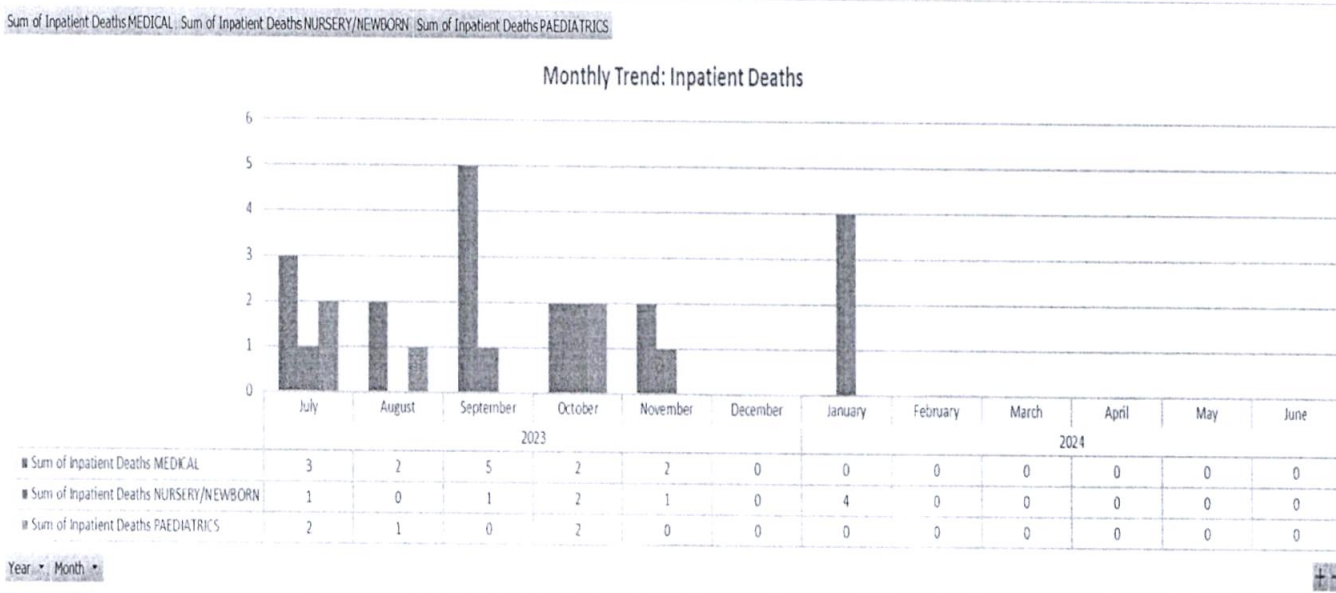
**Data Source: KHIS**

**Maternal And Child Health Kihara Level 4 Hospital**

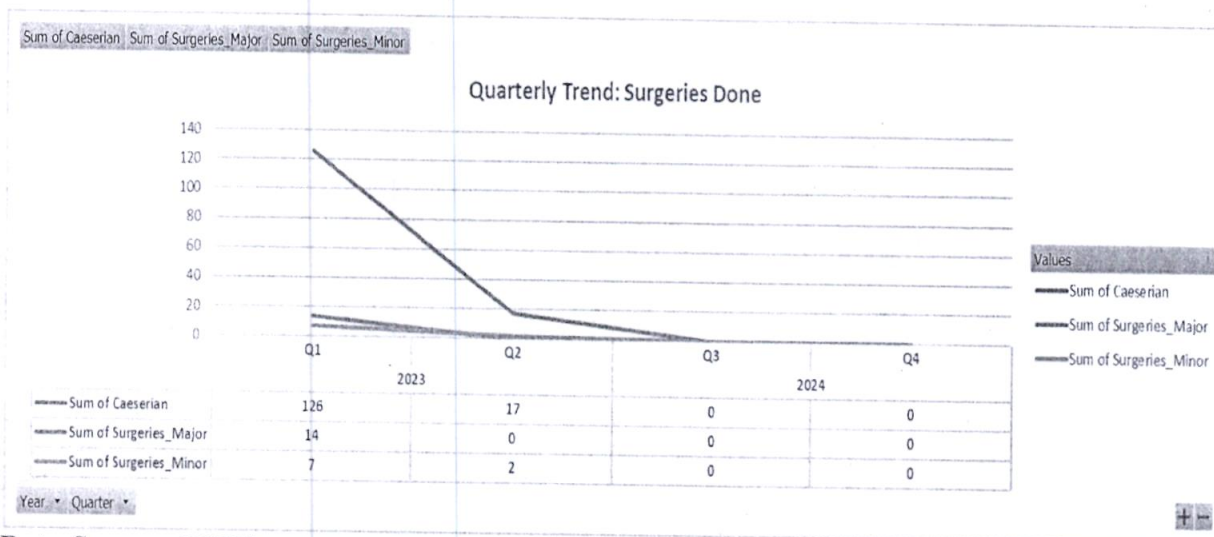


Data Source: KHIS

**Mortality Rate Kihara Level 4 Hospital**



**theatre Utilization Kihara Level 4 Hospital**



**Data Source: KHIS**

**Kihara Level 4 Hospital Administrative Statistics**

Kihara hospital has a bed capacity of 65 beds. The average length of stay is 4 days for the period. The bed occupancy rates have been about 48% maternity, 5 % medical ward and 5% paediatrics for the financial year 2023/2024.

**Financial Performance**

Kihara Hospital’s main sources of funds are FIF and NHIF. FIF are the cost sharing funds that the patients pay for services offered at the hospital. NHIF are the reimbursements/rebates that the hospital receives from the insurance after services have been offered to patients. NHIF is categorized as outpatient and inpatient, outpatient services are paid upfront as capitation and are offered to patients who have selected the facility as their choice.

All the funds collected in the hospital are collected via the hospital Mpesa Paybill Account no 7146447 which is then transferred to Kihara revenue collection account at Family Bank. There are weekly standing orders, whereby the revenue collected is swiped to the Kiambu County Fif Fund Account.

Kihara level 4 hospital collected Kshs. 10,278,401 through FIF and NHIF Claims of Kshs. 7,791,050 were made for period July 2023 to June 2024.

Capitation funds received for the period were Kshs. 4,719,828.

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

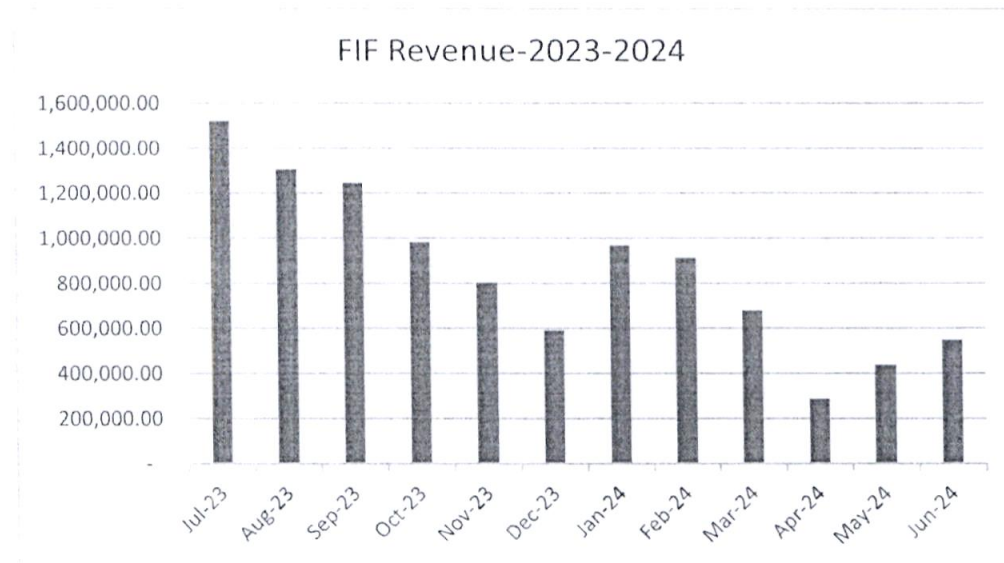
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To note is that the revenue for the financial year has declined due to the ongoing renovations at the hospital making the hospital to operate at 50% offering mainly outpatient services.

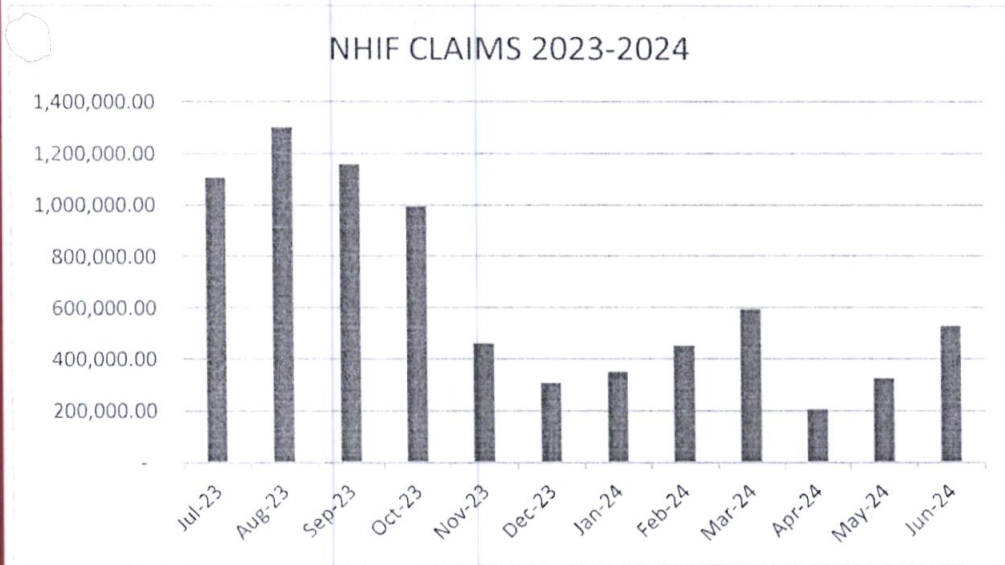
The Expenditure Executive Committee makes a monthly budget which is guided by the amount of money collected in that month, that is later reviewed and approved by the HMT. The budgets are then forwarded to the County Chief of Health for reimbursement and AIE approval.

In terms of utilization of funds, AIEs received for the financial year 2023/2024 were Kshs. 21,100,939.40 with a total expenditure of Kshs. 19,497,309 which translates to 92% utilization rate.

The revenue for the financial year 2023/2024 has been presented by the below charts.



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



.....  
**Dr. Samuel Mumira**  
**Medical Superintendent**

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

Kihara Level 4 Hospital 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.

### *i) Sustainability strategy and profile*

The public health office uses its position as an office that interacts with the community members to create demand for utilization of services offered at our facility. The avenues used include but not limited to;

- Community dialogues – through the community strategy coordinator community dialogue days are held from time to time to discuss the health issues affecting the community and the best ways to tackle them. During those forums the community members are notified on the various services offered at our facility with assurance being made on the high quality of the services. This enables our facility to compete with the neighbouring private facilities.
- Business licensing- this create an avenue to interact with the business community who are crucial in marketing our facility and also consumers of our services mainly the food handlers' certificates issued to food handlers semi-annually.

### *ii) Environmental performance*

Hospital waste management calls for a comprehensive handling process to ensure the waste produced does not become a nuisance or pose risk of infection to the people handling it and to the community at large. The regulations governing waste management are as follows;

- Public health act Cap 242 LOK
- EMCA Act 1999
- E waste management guideline, July 2011
- Occupational safety and Health act, 2007
- Food drugs and Chemical substances act Cap 254 LOK

In Kiambu county waste management in many of the public hospitals has become a menace mainly due to lack of proper disposal methods (incinerator). Most facilities make use of burning chambers and open burning.

Kihara level 4 hospital is a high-volume waste producer. Daily Waste produced is estimated as follows;

- General waste- 50kgs
- Infectious waste – 100kgs
- Highly infectious waste – 50kgs
- Sharps -2 kgs

Several factors have hindered proper waste management in our facility;

- i. Lack of an incinerator/ burning chamber
- ii. Poor waste segregation
- iii. Lack of workers designated to specifically deal with waste management

Some of the measures taken to tackle the above include but not limited to;

- ❖ Sensitization of casuals/ healthcare workers on infection prevention and control.
- ❖ Transportation of our hospital waste to other facilities for incineration
- ❖ Ensuring steady supply of colour coded bins and bin liners to the respective departments.
- ❖ Ensuring casuals are equipped with the required personal protective equipment at their work stations.
- ❖ Ensuring the waste holding area is secure.

In order for the public facilities to sustain their waste disposal programme the following requires to be done;

- ✓ All level iv hospitals should have incinerators
- ✓ All level ii and iii facilities should have burning chambers
- ✓ Segregation of waste should be done at the place of production.
- ✓ Designate workers for waste management, train them and provide them with proper personal protective equipment.
- ✓ Avoid transportation of hospital waste from one hospital to the other due to the health risks involved.

*iii) Employee welfare*

The Occupational Safety and Health Act, 2007 (OSHA) provides policy for the safety, health and welfare of workers and guides the hospital to ensure a conducive workplace. Healthcare workers are provided with personal protective equipment to minimize exposure to hazards that may cause workplace injuries and illnesses, for example gloves, surgical masks, safety glasses and shoes among others. Employees are hired through the County Public Service Board.

*iv) Market place practices-*

*a) Responsible competition practice.*

Kihara level 4 hospital has ensured there is a culture of fair and responsible competition through offering opportunities to all groups in the society such as, People Living with disabilities, Youth and Women without political influence guided by set procurement laws, procedures and regulation.

*b) Responsible Supply chain and supplier relations*

The hospital has put in place guidelines on good business practices with its business partners by offering equal competitive business opportunities. The hospital also treats its suppliers with utmost ethics by ensuring equal distribution of available funds, honouring contracts and frameworks.

*c) Responsible marketing and advertisement*

The hospital has put in place strategies to maintain ethical practices by setting the following guidelines:

- a. Practice transparency
- b. Protection of data and privacy
- c. Commitment to sustainability and human rights
- d. Minimisation of risks

*d) Product stewardship*

The hospital has put in pace the following efforts to safe guard its consumers rights and interests:

- a. Set laws and acts that guides in safeguarding its consumers.
- b. The hospital advocates for compliance.

- c. Right to goods and services equally.
- d. Rights to information necessary to them.

v) *Corporate Social Responsibility / Community Engagements*

Kihara Level 4 Hospital strived to conduct community outreaches where the aim is to take health services nearer to our clients. During such occasions we may encounter patients in need of specialized medication. The patients are usually referred to our facility where they are linked with our specialists. This goes a long way to making our facility to be at par with other top-notch health facilities.

The facility offers job opportunities to qualified members of the community mainly as casual workers. This goes a long way in making the community members feel that the facility cares for some of their own. It also instils confidence to the community members noting that when they visit the facility they may get assistance from the people they know.

**11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the *hospital's* affairs.

**Principal activities**

The principal activities of the Kihara Level 4 Hospital are to promote and provide quality, curative, preventive, promotive and rehabilitative care to Kenyans.

**Results**

The results of the Kihara Level 4 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 vi-vii. During the year, no director(s) retired/ resigned.

**Auditors**

The Auditor General is responsible for the statutory audit of the *Kihara Level 4 Hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

**Dr. Samuel Mumira**  
**Secretary to the Board**

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

Section 164 of the Public Finance Management Act, 2012 and Kiambu Health Services Act 2019 requires the Board of Management to prepare financial statements in respect of that *Kihara Level 4 Hospital*, which give a true and fair view of the state of affairs of the *Kihara Level 4 Hospital* at the end of the financial year/period and the operating results of the *Kihara Level 4 Hospital* for that year/period. The Board of Management is also required to ensure that the *Kihara Level 4 Hospital* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Kihara Level 4 Hospital*. The council members are also responsible for safeguarding the assets of the *Kihara Level 4 Hospital*.

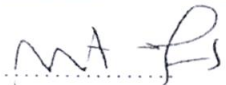
The Board of Management is responsible for the preparation and presentation of the *Kihara Level 4 Hospital's* financial statements, which give a true and fair view of the state of affairs of the *Kihara Level 4 Hospital* for and as at the end of the financial year (period) ended on June 30, 2024. This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

The Board of Management accepts responsibility for the *Kihara Level 4 Hospital's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kiambu Health Services Act 2019. The Board members are of the opinion that the *Kihara Level 4 Hospital's* financial statements give a true and fair view of the state of *Kihara Level 4 Hospital's* transactions during the financial year ended June 30, 2024, and of the *Kihara Level 4 Hospital's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Kihara Level 4 Hospital*, which have been relied upon in the preparation of the *Kihara Level 4 Hospital's* 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 OR Nothing has come to the attention of the Board of management to indicate that the *Kihara Level 4 Hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital's financial statements were approved by the Board on  
13/09/2024 and signed on its behalf by

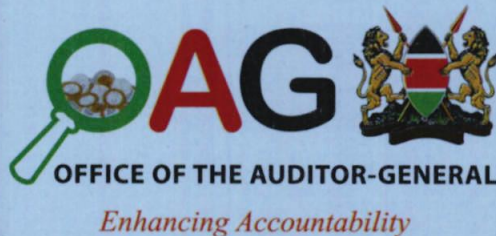


**Dr. M.M. Gitagia**  
Chairperson  
Board of Management



**Dr. Samuel Mumira**  
Accounting Officer

# REPUBLIC OF KENYA



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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kihara Level 4 Hospital - County Government of Kiambu set out on pages 1 to 52 which comprise the statement of financial position as at 30 June, and the statement of Financial performance, statement of changes

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

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kihara Level 4 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 comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

The statement of comparison of budget and actual amounts reflects final budgeted surplus for the period of Kshs.8,450,000 against the calculated amount of Kshs.11,015,434. The resulting variance of Kshs.2,565,434 was not explained.

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

### **2. Inconsistencies in the Cash and Cash Equivalents Balance**

The statements of financial position and Note 27 to the financial statements reflect cash and cash equivalents balance of Kshs.1,662,573 being total for three (3) bank accounts operated by the Hospital. However, the receipt and payment voucher numbers were not indicated in the excel cash books maintained. Further, review of co-operative bank account reconciliation statements revealed un-presented cheques totalling Kshs.1,561,013.05 as at 30 June, 2024, (61) out of which cheques totalling Kshs.760,413 had become stale and had not been reversed in the cashbook.

In the circumstances, the cash and cash equivalents balance of Kshs.1,662,573 is understated by amount of stale cheques totalling Kshs.760,413.

### **3. Long Outstanding, Unsupported and Increasing Receivables**

The statement of financial position and Note 28 to the financial statements reflects receivables from exchange transactions balance of Kshs.11,398,650 in respect of medical services. Included in the balance are receivables amounting to Kshs.6,260,100 which have been outstanding for more than 2 years. Further, in the year under review the receivables increased by Kshs.5,138,550 or 45% of the total receivables of Kshs.11,398,650. In addition, the receivables balance of Kshs.11,398,650 was not

supported by detailed listings of debtors. Detailed ageing analysis was also not provided for audit.

The significant arrears of medical services receivables is an indication of Management's inability to collect the receivables which may result in bad debts and inability to effectively deliver services.

In the circumstances, the accuracy, completeness and full recoverability of the outstanding receivables balance of Kshs.11,398,650, could not be confirmed.

#### **4. Management of Property, Plant and Equipment**

The statement of financial position reflects property plant and equipment balance of Kshs.1,494,435 as disclosed in Note 31 to the financial statements. Physical inspection revealed that the hospital had various assets of undetermined values which include land, buildings, motor vehicles, furniture, computers and medical equipment. However, the assets were not valued and the ownership documents for land, buildings and motor vehicles were not provided for audit verification. In addition, the Hospital does not have a comprehensive asset register and the assets were not tagged for ease of identification.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,494,435 could not be confirmed.

#### **5. Unsupported Trade and Other Payables**

The statement of financial position and Note 34 to the financial statements reflects trade and other payables balance of Kshs.33,798,072. However, the balance was not supported by invoices, delivery notes, purchase orders and goods received notes.

In the circumstances, the Accuracy and completeness of trade and other payables balance of Ksh.33,798,072, could not be confirmed.

#### **6. Unsupported Payment of Employee Costs**

Examination of records on compensation of employees paid during the year revealed that the Hospital spent Kshs.5,046,860 which was payment to casual employees who have been in service for contract periods of three months continuously for more than one year. However, details of how the casuals were identified and recruited were not provided for audit review. Further, the relevant supporting documents including casual database, approved payment rates, and advertisement for posts were not provided for audit review.

In the circumstances, the accuracy and propriety of employee costs totalling Kshs.5,046,860 could not be confirmed.

#### **7. Lack of Amortization Policy**

The statement of financial position reflects intangible assets-software balance of Kshs.247,513 as disclosed in Note 32 to the financial statements. However, amortization of intangible assets was done based on rates that are not approved by the management.

Further, the Hospital does not have an amortization policy. In addition, available information indicate that intangible asset was reported to have been in operation for more than three years and therefore should have reflected a nil value in the current year financial statements as per the rate of 40% applied.

in the circumstances, the accuracy of intangible assets balance of Kshs.247,513, could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects final receipts budget and actual amounts on a comparable basis of Kshs.97,519,434 and Kshs.25,354,713 respectively, resulting to an under-funding of Kshs.72,164,721 or 74%. However, the hospital spent a balance of Kshs.22,955,086 against actual receipts of Kshs.25,354,713 resulting to an under-utilization of Kshs.2,399,627 or 9% of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Prior Year Unresolved Issues**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Appendix I on progress on follow up of prior year Auditor's recommendations indicate that some of the issues have been resolved. However, Management has not provided evidence on how the resolution was arrived at. Therefore, the matters remain unresolved.

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance in Presentation and Disclosure in the Financial Statements**

Review of the financial statements revealed the following anomalies;

- i. The row reflecting total expenses is omitted from the statement of comparison of budget and actual amounts for year ended 30 June, 2024.
- ii. The report on progress on follow up of Auditor Recommendations does not show the period to which the report relates.

This was contrary to Section 194 of the Public Finance Management Act, 2012 and National Treasury Circular Ref: AG.4/16/3 Vol.4 (6) dated 4<sup>th</sup> July, 2024 on financial statements presentation and disclosures requirements.

## **2. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects final budgeted income and expenditure of Kshs.97,519,434 and Kshs.86,504,000 respectively resulting to a variance of Kshs.11,015,434 or 11% which indicates the budget is not balanced budget, contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that 'unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, that at all times during budget formulation and approval it must be ensured that the budget revenue and expenditure appropriations shall be balanced.

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

## **3. Failure to Procure Pharmaceutical and Non-Pharmaceuticals Items from KEMSA**

The statement of financial performance and Note 15 to the financial statements reflects medical/clinical costs balance of Kshs.12,765,034. The balance includes an amount of Kshs.7,346,330 incurred on the purchase of various pharmaceutical and non-pharmaceuticals items. These procurements as disclosed in **Appendix I** were procured from various suppliers other than KEMSA contrary to Kenya Medical Supplies Authority Act No. 20 of 2013 which requires health facilities, referral hospitals and counties to procure drugs and medical supplies from KEMSA.

In the circumstances, the support to establish and maintain appropriate supply chain systems for drugs and medical supplies which KEMSA could have provided to the Hospital in accordance to section 4(1)(e) of the Kenya Medical Supplies Authority Act No. 20 of 2013 was not obtained and Management was in breach of the law.

## **2. Facility Checklist Variances**

### **3.1 Variances Between Level 4 Hospital Requirements and Hospital Facilities**

Review of Kihara Level 4 Hospital records and physical verification of hospital facilities revealed variances between the checklist for level 4 hospital minimum requirements and equipment and facilities at Kihara Level 4 Hospital as indicated at **Appendix II**.

In the circumstances, the equipment and facilities at the Hospital are less than the requirement of Level 4 Hospital and therefore the expected service delivery to the public may not be achieved.

### **3.2 Expired Medical Supplies**

The statement of financial position as at 30 June, 2024 indicates an inventory balance of Kshs.6,420,854 as disclosed in Note 30 to the financial statements. A review of sampled store records on pharmaceuticals at the Hospital revealed that one thousand and four

(1,004) units of various drugs costing Kshs.130,470 had expired, as shown in the **Appendix III**.

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

#### **4. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.33,798,071 as disclosed in Note 34 to the financial statements. This amount includes Kshs.29,606,240 payable to suppliers that had been outstanding for more than 180 days all of which relate to 2022/2023 and earlier years as indicated in the table below;

| <b>Financial Year</b> | <b>Amount Due<br/>(Kshs)</b> |
|-----------------------|------------------------------|
| 2018/2019             | 418,422                      |
| 2019/2020             | 2,223,592                    |
| 2020/2021             | 837,969                      |
| 2021/2022             | 14,327,829                   |
| 2022/2023             | 11,798,428                   |
| <b>Totals</b>         | <b>29,606,240</b>            |

In the circumstances, failure to settle the long outstanding payables may lead to litigations against the company resulting to payment of interests and penalties. As a result, service delivery to the public may be negatively impacted.

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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**

### **Revenue Safeguards and Controls**

The statement of financial performance reflects an amount of Kshs.22,789,279 as revenue from rendering services - medical service income which as disclosed in Note 11 to the financial statements includes an amount totalling Kshs.10,278,401 under other medical services income. However, a review of the Hospital revenue receipting system revealed that the generation of receipts is not integrated into the collection systems as the receipts are not reconciled with mobile money transfer transactions and hospital charges are not mapped in the Health Information System.

In the circumstances, revenue collection safeguards and controls are not adequate.

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

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

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of 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, SBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**



## Appendices

### Appendix I: Procurement of Pharmaceutical and Non-Pharmaceuticals Items from Sources Other than KEMSA

|            | Non Pharms                   | LPO NO.     | P.V. NO. | CHQ NO.     | Amount (Kshs)       |
|------------|------------------------------|-------------|----------|-------------|---------------------|
| 10/02/2023 | Sherrylite Company Ltd       | 4116639     | 11       | 01965/01966 | 320,200.00          |
| 10/02/2023 | Sherrylite Company Ltd       | 4116647     |          |             | 88,600.00           |
| 10/02/2023 | Sherrylite Company Ltd       | 4116642     |          |             | 121,220.00          |
| 10/02/2023 | Sherrylite Company Ltd       | 4116641     |          |             | 788,240.00          |
| 10/02/2023 | Sherrylite Company Ltd       | 4116643     |          |             | 78,800.00           |
| 29/01/2024 | meds                         | 4070878     | 40       | 2014        | 323,840.00          |
| 29/01/2024 | Brighton Pharmaceuticals Ltd | 4070863     | 39       | 02012/02013 | 879,100.00          |
| 29/01/2024 | Brighton Pharmaceuticals Ltd | 4070864     |          |             | 121,230.00          |
| 29/01/2024 | Brighton Pharmaceuticals Ltd | 4070887     |          |             | 76,530.00           |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4070862     | 63       | 02055/02056 | 301,112.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4070865     |          |             | 220,690.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4070867     |          |             | 187,300.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4070868     |          |             | 154,850.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4165656     |          |             | 126,350.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4165660     |          |             | 29,510.00           |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4165661     |          |             | 291,200.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4165662     |          |             | 146,440.00          |
| 05/07/2024 | Brighton Pharmaceuticals Ltd | 4165662     |          |             | 130,310.00          |
| 26/06/2024 | Brighton Pharmaceuticals Ltd | 4165676     | 70       | 2070        | 74,895.00           |
|            |                              |             |          |             | <b>4,460,417.00</b> |
|            | <b>Accrued</b>               |             |          |             |                     |
| 01/05/2024 | Brighton Pharmaceuticals     | LPO 4165665 | -        |             | 201,320             |
| 01/05/2024 | Brighton Pharmaceuticals     | LPO-4165666 |          |             | 106,465             |

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

|            |                          |                |                 |                |                      |
|------------|--------------------------|----------------|-----------------|----------------|----------------------|
| 01/05/2024 | Brighton Pharmaceuticals | LPO-4165664    |                 |                | 244,220              |
| 24/06/2024 | Brighton Pharmaceuticals | LPO-4165683    |                 |                | 110,110              |
|            |                          |                |                 |                | <b>662,115.00</b>    |
|            |                          |                |                 |                |                      |
|            | <b>Drugs</b>             | <b>Lpo No.</b> | <b>P.V. No.</b> | <b>Chq No.</b> | <b>Amount (Kshs)</b> |
| 14/12/2023 | MEDS                     | 4070877        | 23              | 01989/01990    | 1,859,468.00         |
| 03/06/2024 | MEDS                     | 4070897        | 46              | 2025           | 118,150.00           |
| 03/06/2024 | MEDS                     | 4070897        | 48              | 2028           | 10,850.00            |
| 06/11/2024 | MEDS                     | 4165672        | 69              | 2068           | 235,330.00           |
|            |                          |                |                 |                | <b>2,223,798.00</b>  |
|            |                          |                |                 | <b>Total</b>   | <b>7,346,330.00</b>  |

**Appendix II: Variance Between Minimum Equipment and Facilities Requirement of Level Hospital and the Actual facilities at Kihara Level 4 Hospital**

|          | <b>Criteria</b>                                     | <b>Minimum Required</b> | <b>In place</b> | <b>Variance</b> |
|----------|---|-------------------------|-----------------|-----------------|
| <b>1</b> | <b>Staffing Requirement</b>                         |                         |                 |                 |
|          | Medical Officers                                    | 16                      | 2               | 14              |
|          | Anesthesiologists                                   | 2                       | 0               | 2               |
|          | General Surgeons                                    | 2                       | 0               | 2               |
|          | Gynecologists                                       | 2                       | 2               | 0               |
|          | Pediatricians                                       | 2                       | 2               | 0               |
|          | Radiologists  | 2                       | 1               | 1               |
|          | Registered Community Health Nurses                  | 75                      | 24              | 51              |
| <b>2</b> | <b>Services Offered</b>                             |                         |                 |                 |
|          | Surgical Services                                   |                         | Yes             |                 |
|          | Pediatric Services                                  |                         | Yes             |                 |
|          | Gynecology Services                                 |                         | Yes             |                 |
|          | Radiology Services                                  |                         | Yes             |                 |
|          | Renal Services                                      |                         | No              |                 |
|          | Tuberculosis Services                               |                         | yes             |                 |
| <b>3</b> | <b>Bed Capacity</b>                                 | 150                     | 65              | 85              |
| <b>4</b> | <b>Equipment &amp; Machines</b>                     |                         |                 |                 |
|          | Incubators (Newborn)                                | 5                       | 2               | 3               |
|          | Cots  | 5                       | 3               | 2               |
|          | Resuscitaire In Theatre                             | 1                       | 0               | 1               |
|          | Resuscitaire In Labour Ward                         | 2                       | 0               | 2               |
|          | Functional Icu Beds                                 | 6                       | 0               | 6               |
|          | Hdu Beds  | 6                       | 0               | 6               |
|          | Renal Unit with Dialysis Machines                   | 5                       | 0               | 5               |
|          | Functional Operating Theaters Maternity and General | 2                       | 1               | 1               |
| <b>5</b> | <b>Ambulances</b>                                   |                         | yes             |                 |
| <b>6</b> | <b>Governance By Board of Managements</b>           |                         |                 |                 |
|          | Valid Board Present                                 |                         | Yes             |                 |
|          | Regular Meeting                                     |                         | Yes             |                 |
|          | Qualified Members                                   |                         | Yes             |                 |

|           |   |         |     |  |
|-----------|---|---------|-----|--|
| <b>7</b>  | <b>Policy Documents Eg Risk Mgt Policy</b>  |         | No  |  |
| <b>8</b>  | <b>Audit Committee &amp; Internal Audit</b> |         | No  |  |
| <b>9</b>  | <b>Asset Mgt</b>                            |         |     |  |
|           | Land Size                                   | 5 acres | Yes |  |
|           | Fixed Assets Register                       |         | No  |  |
|           | Ownership Documents                         |         | No  |  |
|           | Equipment In Good Service                   |         | No  |  |
| <b>10</b> | <b>Store Management</b>                     |         |     |  |
|           | Expired Drugs                               |         | Yes |  |
|           | Adequate Storage Space                      |         | Yes |  |
|           | FIFO Issuance of Drugs                      |         | Yes |  |

### Appendix III: Expired Drugs

| Drug                              | Quantity     | Cost (Kshs)       |
|-----------------------------------|--------------|-------------------|
| Thiopental Sodium                 | 8            | 1,320.00          |
| Anti Rho D Immunoglobulin         | 2            | 10,000.00         |
| Ketamine Injection 50mg/ml        | 5            | 500.00            |
| Fluanxol Depot 20mg/ml            | 1            | 675.00            |
| Heparin Sodium                    | 1            | 340.00            |
| Atropine Injection                | 10           | 100.00            |
| Midazolam 5mg/ml Injection        | 20           | 12,480.00         |
| Chlorpromazine 25mg/ml Injection  | 30           | 270.00            |
| Phenobarbitone 200mg/ml Injection | 20           | 8,300.00          |
| Propofol 1% v/v 20ml              | 10           | 2,100.00          |
| Sodium Bicarbonate Infusion 10ml  | 30           | 960.00            |
| Vitamin B&C IV (PABRINEX)         | 24           | 9,936.00          |
| Rivaroxaban 20mg Tablets 14s      | 18           | 2,808.00          |
| Ethambutol 400mg Tablets          | 24           | -                 |
| DMPA 104 mg SC vials              | 4            | -                 |
| Pancuronium 2mg injection         | 35           | 2,800.00          |
| Aminophylline 25mg/ml injection   | 120          | 3,600.00          |
| Atropine Injection                | 490          | 4,900.00          |
| Adrenaline 1mg/ml injection       | 30           | 150.00            |
| Lactulose Solution 200ml          | 5            | 1,560.00          |
| Propofol 1% v/v 20ml              | 30           | 6,300.00          |
| Thiopental Sodium                 | 5            | 940.00            |
| Suxamethonium 50mg/ml Ampoules    | 55           | 2,475.00          |
| Ephedrine 30mg/ml                 | 10           | 1,570.00          |
| Adrenaline 1mg/ml injection       | 7            | 35.00             |
| Metronidazole Injection 100ml     | 1            | 50.00             |
| Atropine Injection                | 8            | 80.00             |
| Gentamycin 80mg/2ml Ampoules      | 14           | 126.00            |
| Isoflurane Anaesthetic Inhalation | 4            | 18,200.00         |
| Glutaraldehyde 5Litres            | 11           | 37,895.00         |
| <b>TOTAL</b>                      | <b>1,004</b> | <b>130,470.00</b> |

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

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

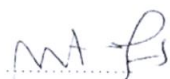
| Description                                      | Note | FY 2023-2024      | FY 2022-2023      |
|--|------|-------------------|-------------------|
|  |      | Kshs              | Kshs              |
| <b>Revenue from non-exchange transactions</b>    |      |                   |                   |
| Transfers from the County Government             | 6    | -                 | -                 |
| In-kind contributions from the County Government | 7    | 2,565,434         | 2,405,611         |
| Grants from donors and development partners      | 8    | -                 | -                 |
| Transfers from other Government entities         | 9    | -                 | -                 |
| Public contributions and donations               | 10   | -                 | -                 |
|  |      | <b>2,565,434</b>  | <b>2,405,611</b>  |
| <b>Revenue from exchange transactions</b>        |      |                   |                   |
| Rendering of services- Medical Service Income    | 11   | 22,789,279        | 37,742,282        |
| Revenue from rent of facilities                  | 12   | -                 | -                 |
| Finance /Interest Income                         | 13   | -                 | -                 |
| Miscellaneous Income                             | 14   | -                 | -                 |
| <b>Revenue from exchange transactions</b>        |      | <b>22,789,279</b> | <b>37,742,282</b> |
| <b>Total revenue</b>                             |      | <b>25,354,713</b> | <b>40,147,893</b> |
|  |      |                   |                   |
| <b>Expenses</b>                                  |      |                   |                   |
| Medical/Clinical costs                           | 15   | 12,765,034        | 23,625,506        |
| Employee costs                                   | 16   | 5,046,860         | 5,476,045         |
| Board of Management Expenses                     | 17   | 116,000           | 77,500            |
| Depreciation and amortization expense            | 18   | 705,324           | 205,453           |
| Repairs and maintenance                          | 19   | 1,279,156         | 2,783,425         |
| Grants and subsidies                             | 20   | -                 | -                 |
| General expenses                                 | 21   | 3,748,035         | 6,317,639         |
| Finance costs                                    | 22   | -                 | -                 |
| <b>Total expenses</b>                            |      | <b>23,660,409</b> | <b>38,485,568</b> |
| <b>Other gains/(losses)</b>                      |      |                   |                   |
| Gain/Loss on disposal of non-Current assets      | 23   | -                 | -                 |

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

| Description                                  | Note | FY 2023-2024     | FY 2022-2023     |
|--|------|------------------|------------------|
|  |      | Kshs             | Kshs             |
| Unrealized gain on fair value of investments | 24   | -                | -                |
| Medical services contracts Gains/Losses      | 25   | (211,007)        | (827,912)        |
| Impairment loss                              | 26   | -                | -                |
| <b>Total other gains/(losses)</b>            |      | <b>(211,007)</b> | <b>(827,912)</b> |
| <b>Net Surplus / (Deficit) for the year</b>  |      | <b>1,483,296</b> | <b>834,413</b>   |

*(The notes set out on pages 9 to 50 form an integral part of the Annual Financial Statements.)*


The Hospital's financial statements were approved by the Board on 13/09/2024 \_\_\_\_\_  
and signed on its behalf by:



**Dr. M.M. Gitagia**  
**Chairman**  
**Board of Management**



.....  
**Salome M. Waweru**  
**Head of Finance**  
**ICPAK No:20677**



.....  
**Dr. Samuel Mumira**  
**Medical Superintendent**

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

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

| Description                                 | Note | FY 2023-2024         | FY 2022-2023      |
|---|------|----------------------|-------------------|
|   |      | Kshs                 | Kshs              |
| <b>Assets</b>                               |      |                      |                   |
| <b>Current assets</b>                       |      |                      |                   |
| Cash and cash equivalents                   | 27   | 1,662,573            | 1,651,201         |
| Receivables from exchange transactions      | 28   | 11,398,650           | 12,676,550        |
| Receivables from non-exchange transactions  | 29   | 20,643,177           | 3,690,400         |
| Inventories                                 | 30   | 6,420,854            | 6,523,197         |
| <b>Total Current Assets</b>                 |      | <b>40,125,254</b>    | <b>24,541,348</b> |
|   |      |                      |                   |
| <b>Non-current assets</b>                   |      |                      |                   |
| Property, plant, and equipment              | 31   | 1,494,435            | 2,034,750         |
| Intangible assets                           | 32   | 247,513              | 411,522           |
| Investment property                         | 33   | -                    | -                 |
| <b>Total Non-current Assets</b>             |      | <b>1,741,948</b>     | <b>2,446,272</b>  |
|   |      |                      |                   |
| <b>Total assets (A)</b>                     |      | <b>41,867,202.46</b> | <b>26,987,620</b> |
|   |      |                      |                   |
| <b>Liabilities</b>                          |      |                      |                   |
| <b>Current liabilities</b>                  |      |                      |                   |
| Trade and other payables                    | 34   | 33,798,072           | 33,311,138        |
| Refundable deposits from customers/Patients | 35   | -                    | -                 |
| Provisions                                  | 36   | -                    | -                 |
| Current portion of deferred income          | 37   | -                    | -                 |
| Current portion of borrowings               | 38   | -                    | -                 |
| <b>Total Current Liabilities</b>            |      | <b>33,798,072</b>    | <b>33,311,138</b> |
|   |      |                      |                   |
| <b>Non-current liabilities</b>              |      |                      |                   |
| Provisions                                  | 36   | -                    | -                 |
| Non-Current portion of deferred income      | 37   | -                    | -                 |
| Non - Current portion of borrowings         | 38   | -                    | -                 |
| Service concession Arrangements             | 39   | -                    | -                 |
| <b>Total non-current liabilities</b>        |      | <b>-</b>             | <b>-</b>          |
|   |      |                      |                   |

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

| Description                             | Note | FY 2023-2024      | FY 2022-2023      |
|---|------|-------------------|-------------------|
|   |      | Kshs              | Kshs              |
| Total Liabilities (B)                   |      | 33,798,072        | 33,311,138        |
| Net assets (A-B)                        |      | 8,069,131         | 3,660,317         |
| <b>Represented by:</b>                  |      |                   |                   |
| Revaluation reserve                     |      | -                 | -                 |
| Accumulated surplus/Deficit             |      | 2,317,709         | 834,413           |
| Capital Fund                            |      | -                 | -                 |
| <b>Total Net Assets and liabilities</b> |      | <b>41,867,202</b> | <b>34,145,551</b> |

*(The notes set out on pages 9 to 50 form an integral part of the Annual Financial Statements.)*

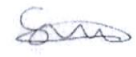
The Hospital's financial statements were approved by the Board on  
13/09/2024 and signed on its behalf by:



.....  
**Dr. M.M. Gitagia**  
**Chairman**  
**Board of Management**



.....  
**Salome M. Waweru**  
**Head of Finance**  
**ICPAK No:20677**



.....  
**Dr. Samuel Mumira**  
**Medical Superintendent**

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

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

| Description                                | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total       |
|--|---------------------|-----------------------------|--------------|-------------|
| <b>As at July 1, 2022(previous year)</b>   | -                   | (2,436,637)                 | -            | (2,436,637) |
| Revaluation gain                           | -                   | -                           | -            | -           |
| Surplus/(deficit) for the year             | -                   | 834,413                     | -            | 834,413     |
| Capital/Development grants                 | -                   | -                           | -            | -           |
| <b>As at June 30, 2023 (previous year)</b> | -                   | 834,413                     |              | 834,413     |
|  |                     |                             |              |             |
| <b>At July 1, 2023(current year)</b>       |                     |                             |              |             |
| Revaluation gain                           | -                   | -                           | -            | -           |
| Surplus/(deficit) for the year             | -                   | 1,483,296                   | -            | 1,483,296   |
| Capital/Development grants                 | -                   | -                           | -            | -           |
| <b>At June 30, 2024(current year)</b>      | -                   | 1,483,296                   | -            | 1,483,296   |

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

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

| Description  | Note | FY 2023-2024        | FY 2022-2023      |
|--|------|---------------------|-------------------|
|  |      | Kshs                | Kshs              |
| <b>Cash flows from operating activities</b>        |      |                     |                   |
| <b>Receipts</b>                                    |      |                     |                   |
| Transfers from the County Government               |      | -                   | -                 |
| Grants from donors and development partners        |      | -                   | -                 |
| Transfers from other Government entities           |      | -                   | -                 |
| Public contributions and donations                 |      | -                   | -                 |
| Rendering of services- Medical Service Income      |      | 21,144,499          | 30,966,843        |
| Revenue from rent of facilities                    |      | -                   | -                 |
| Finance / interest income                          |      | -                   | -                 |
| Miscellaneous receipts( <i>specify</i> )           |      | -                   | -                 |
| <b>Total Receipts</b>                              |      | <b>21,144,499</b>   | <b>30,966,843</b> |
| <b>Payments</b>                                    |      |                     |                   |
| Medical/Clinical costs                             |      | 11,383,904          | 13,246,877        |
| Employee costs                                     |      | 3,973,434           | 7,686,485         |
| Board of Management Expenses                       |      | 116,000             | 77,500            |
| Repairs and maintenance                            |      | 1,266,156           | 2,115,925         |
| Grants and subsidies                               |      | -                   | -                 |
| General expenses                                   |      | 2,757,815           | 5,868,632         |
| Other Expenses                                     |      | -                   | 544,125           |
| Finance costs                                      |      | -                   | -                 |
| Refunds paid out                                   |      | -                   | -                 |
| <b>Total Payments</b>                              |      | <b>19,497,309</b>   | <b>29,539,544</b> |
| <b>Net cash flows from operating activities</b>    | 42   | <b>1,647,191.40</b> | <b>1,427,299</b>  |
| <b>Transfer from FIF fund</b>                      |      | <b>(1,564,205)</b>  |                   |
| <b>Cash flows from investing activities</b>        |      |                     |                   |
| Purchase of property, plant, equipment             |      | -                   | -                 |
| Purchase of intangible assets                      |      | -                   | -                 |
| Proceeds from the sale of PPE                      |      | -                   | -                 |
| Acquisition of investments                         |      | -                   | -                 |
| <b>Net cash flows used in investing activities</b> |      | <b>-</b>            | <b>-</b>          |
| <b>Cash flows from financing activities</b>        |      |                     |                   |
| Proceeds from borrowings                           |      | -                   | -                 |

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|  |           |                  |                  |
|--|-----------|------------------|------------------|
| Repayment of borrowings  |           | -                | -                |
| Capital grants received  |           | -                | -                |
| <b>Net cash flows used in financing activities</b>               |           | -                | -                |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      |           | <b>82,987</b>    | <b>1,427,299</b> |
| Cash and cash equivalents as at 1 July 2023                      | 27        | 1,564,205        | 136,906          |
| <b>Cash and cash equivalents as at 30 June 2024 FIF</b>          | <b>27</b> | <b>1,647,191</b> | <b>1,564,205</b> |
| Revenue account  |           | 14,530           | 86,920           |
| NHIF Account   |           | 851.67           | 75.67            |
| <b>Cash and cash equivalents as at 30<sup>th</sup> June 2024</b> | <b>26</b> | <b>1,662,573</b> | <b>1,651,201</b> |

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

| Description                                   | Original budget   | Adjustments | Final budget      | Actual on comparable basis | Performance difference | % of utilisation |
|---|-------------------|-------------|-------------------|----------------------------|------------------------|------------------|
|   | <b>a</b>          | <b>b</b>    | <b>c=(a+b)</b>    | <b>d</b>                   | <b>e=(c-d)</b>         | <b>f=d/c%</b>    |
|   | <b>Kshs</b>       | <b>Kshs</b> | <b>Kshs</b>       | <b>Kshs</b>                | <b>Kshs</b>            |                  |
| <b>Revenue</b>                                |                   |             |                   |                            |                        |                  |
| Transfers from the County Government          | 2,565,434         | -           | 2,565,434         | 2,565,434                  | 0                      | 100%             |
| Grants from donors and development partners   | -                 | -           | -                 | -                          | -                      | -                |
| Transfers from other Government entities      | -                 | -           | -                 | -                          | -                      | -                |
| Public contributions and donations            | -                 | -           | -                 | -                          | -                      | -                |
| Rendering of services- Medical Service Income | 94,954,000        | -           | 94,954,000        | 22,789,279                 | 72,164,721             | 24%              |
| Revenue from rent of facilities               | -                 | -           | -                 | -                          | -                      | -                |
| Finance / interest income                     | -                 | -           | -                 | -                          | -                      | -                |
| Miscellaneous receipts ( <i>specify</i> )     | -                 | -           | -                 | -                          | -                      | -                |
| <b>Total income</b>                           | <b>97,519,434</b> | <b>0</b>    | <b>97,519,434</b> | <b>25,354,713</b>          | <b>72,164,721</b>      | <b>24%</b>       |
| <b>Expenses</b>                               |                   |             |                   |                            |                        |                  |
| Medical/Clinical costs                        | 63,000,000        | -           | 63,000,000        | 12,765,035                 | 49,994,688             | 20.6%            |
| Employee costs                                | 5,664,000         | -           | 5,664,000         | 5,046,860                  | 617,140                | 89.1%            |
| Remuneration of directors                     | 250,000           | -           | 250,000           | 116,000                    | 134,000                | 46.4%            |
| Repairs and maintenance                       | 9,000,000         | -           | 9,000,000         | 1,279,156                  | 7,720,844              | 13.9%            |
| Grants and subsidies                          | -                 | -           | -                 | -                          | 0                      | -                |
| General expenses                              | 8,590,000         | -           | 8,590,000         | 3,748,035                  | 4,841,965              | 43.6%            |
| Finance costs                                 | -                 | -           | -                 | -                          | 0                      | -                |
| Refunds                                       | -                 | -           | -                 | -                          | 0                      | -                |
| <b>Total Expenses</b>                         | <b>86,504,000</b> |             | <b>86,504,000</b> | <b>22,955,086</b>          | <b>63,308,637</b>      |                  |
| <b>Surplus for the period</b>                 | <b>11,015,434</b> | <b>0</b>    | <b>11,015,434</b> | <b>2,399,627</b>           | <b>8,856,034</b>       | <b>26.2%</b>     |
| Capital expenditure                           | -                 | -           | -                 | -                          | -                      | -                |

*The hospital has not been able to achieve the set targets, due to major renovations which are in process and frequent power outages which have hindered on the provision of most services.*

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

### **1. General Information**

Kihara Level 4 Hospital is established by and derives its authority and accountability from the Health Act and through the gazette notice no. 2071 of 2008. The Kihara Level 4 Hospital is wholly owned by the Government of Kenya and is domiciled in Kiambu County, Kenya. The Kihara Level 4 Hospital's principal activity is provision of curative, rehabilitative and preventive health.

### **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 *Kihara Level 4 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 *Kihara Level 4 Hospital*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

| 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<br/>Measurement</p> | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47-<br/>Revenue</p>    | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>   |
| <p>IPSAS 48-</p>                | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p>  |

**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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital.

**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.

| Standard                           | Effective date and impact:   |
|------------------------------------|--|
| Transfer Expenses                  | 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. |
| IPSAS 49- Retirement Benefit Plans | <i>Applicable 1<sup>st</sup> January 2026</i><br>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.   |

*iii) Early adoption of standards*

Kihara Level 4 Hospital did not early – adopt any new or amended standards in the financial year.

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2023-2024 was approved by Board on 22<sup>nd</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kihara Level 4 Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Kihara Level 4 Hospital* recorded additional appropriations of *nil* on the FY 2023-2024 budget following the Board's approval. The *Kihara Level 4 Hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kihara Level 4 Hospital 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 Kihara Level 4 Hospital. 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital. 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 Kihara Level 4 Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Kihara Level 4 Hospital 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 Kihara Level 4 Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.*

A financial instrument is any contract that gives rise to a financial asset of one Kihara Level 4 Hospital and a financial liability or equity instrument of another Kihara Level 4 Hospital. At initial recognition, the Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital'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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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*.

**Financial liabilities**

**Classification**

The Kihara Level 4 Hospital 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 Kihara Level 4 Hospital.

**k. Provisions**

Provisions are recognized when the Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital will incur in fulfilling the present obligations represented by the liability.

**m. Contingent liabilities**

The Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital creates and maintains reserves in terms of specific requirements.

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

The Kihara Level 4 Hospital 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 Kihara Level 4 Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which Kihara Level 4 Hospital pays fixed contributions into a separate Kihara Level 4 Hospital (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. Related parties**

The Kihara Level 4 Hospital regards a related party as a person or Kihara Level 4 Hospital with the ability to exert control individually or jointly, or to exercise significant influence over the *Kihara Level 4 Hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**s. Service concession arrangements**

The Kihara Level 4 Hospital 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 *Kihara Level 4 Hospital* 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 *Kihara Level 4 Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

*Notes to the Financial Statements (Continued)*

**t. 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.

**u. Comparative figures**

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

**v. 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 Kihara Level 4 Hospital'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.

*Notes to the Financial Statements (Continued)*

**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 Kihara Level 4 Hospital 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 Kihara Level 4 Hospital. 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 Kihara Level 4 Hospital.
- 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. 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   | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
|   | KShs         | KShs         |
| <b>Unconditional grants</b>                                     |              |              |
| Operational grant   | -            | -            |
| Level 4/5 grants  | -            | -            |
| Unconditional development grants                                | -            | -            |
| Other grants ( <i>specify</i> )                                 | -            | -            |
|   |              |              |
| <b>Conditional grants</b>                                       |              |              |
| User fee forgone  | -            | -            |
| Transforming health services for Universal care project (THUCP) | -            | -            |
| DANIDA  | -            | -            |
| Wards Development grant   | -            | -            |
| Paediatric block grant  | -            | -            |
| Administration block grant                                      | -            | -            |
| Laboratory grant  | -            | -            |
| <b>Total government grants and subsidies</b>                    | -            | -            |

6 b Transfers from The County Government

| Name of the Kihara Level 4 Hospital sending the grant | Amount recognized to Statement of financial performance*<br>KShs | Amount deferred under deferred income<br>KShs | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|---|--|---|------------------------------------|------------------------------------|--------------------|
|   |  |   | KShs                               | KShs                               | KShs               |
|   |  |   |                                    |                                    |                    |
| Kiambu County Government                              | -  | -   | -                                  | -                                  | -                  |
| <b>Total</b>  | -  | -   | -                                  | -                                  | -                  |

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

| Description   | FY 2023-2024     | FY 2022-2023     |
|---|------------------|------------------|
|   | KShs             | KShs             |
| Salaries and wages  |                  |                  |
| Medical supplies-Drawings Rights (KEMSA)                          |                  | -                |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | 2,565,434        | 2,405,611        |
| Utility bills   | -                |                  |
| <b>Total grants in kind</b>                                       | <b>2,565,434</b> | <b>2,405,611</b> |

8. Grants From Donors and Development Partners

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

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

| Name of the Kihara Level 4 Hospital 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 | 2022-2023 |
|---|---|---------------------------------------|------------------------------------|------------------------------------|-----------|
|   | KShs  | KShs                                  | KShs                               | KShs                               | KShs      |
| Donor e.g., DANIDA                                    | -   | -                                     | -                                  | -                                  | -         |
| JICA  | -   | -                                     | -                                  | -                                  | -         |
| World Bank  | -   | -                                     | -                                  | -                                  | -         |
| <b>Total</b>  | <b>-</b>  | <b>-</b>                              | <b>-</b>                           | <b>-</b>                           | <b>-</b>  |

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

| Description   | FY 2023-2024      | FY 2022-2023      |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| Pharmaceuticals                                     |                   |                   |
| Non-Pharmaceuticals                                 |                   |                   |
| Laboratory  |                   |                   |
| Radiology   |                   |                   |
| Orthopedic and Trauma Technology                    |                   |                   |
| Theatre   |                   |                   |
| Accident and Emergency Service                      |                   |                   |
| Anesthesia Service                                  |                   |                   |
| Ear Nose and Throat service                         |                   |                   |
| Nutrition service                                   |                   |                   |
| Cancer centre service                               |                   |                   |
| Dental services                                     |                   |                   |
| Reproductive health                                 |                   |                   |
| Paediatrics services                                |                   |                   |
| Farewell home services                              |                   |                   |
| Ambulance services                                  |                   |                   |
| Other medical services income ( <i>specify</i> )    | 10,278,401.00     | 18,656,707        |
| Nhif  | 12,510,878.00     | 19,085,575        |
| <b>Total revenue from the rendering of services</b> | <b>22,789,279</b> | <b>37,742,282</b> |

*Revenue has been recognized as per the bank statements.*

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

| Description                                  | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
|  | Kshs         | Kshs         |
| Residential property                         | -            | -            |
| Commercial property                          | -            | -            |
| <b>Total Revenue from rent of facilities</b> | -            | -            |

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description   | FY 2023-2024      | FY 2022-2023      |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| Dental costs/ materials                                 | 97,500.00         | 263,350           |
| Laboratory chemicals and reagents                       | 2,122,104.00      | 2,381,314         |
| Public health activities                                | -                 | -                 |
| Food and Ration   | 1,497,401         | 3,213,423         |
| Other fuels(cooking gas,charcoal)                       | 141,300           | 852,020           |
| Uniform, clothing, and linen                            | -                 | -                 |
| Dressing and Non-Pharmaceuticals                        | 5,122,532         | 7,345,783         |
| Pharmaceutical supplies                                 | 2,223,798         | 5,314,947         |
| Health information stationery                           | 271,050           | 199,400           |
| Reproductive health materials                           | -                 | -                 |
| Sanitary and cleansing Materials                        | 110,850           | 310,149           |
| Purchase of Medical gases                               | 1,178,500         | 2,687,775         |
| X-Ray/Radiology supplies                                | -                 | 1,057,345         |
| Other medical related clinical costs ( <i>specify</i> ) |                   | -                 |
| <b>Total medical/ clinical costs</b>                    | <b>12,765,035</b> | <b>23,625,506</b> |

16. Employee Costs

| Description                                | FY 2023-2024     | FY 2022-2023     |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| Salaries, wages, and allowances            | 4,815,725        | 5,339,240        |
| Contributions to pension schemes           | 231,135          | 136,805          |
| Service gratuity                           | -                | -                |
| Performance and other bonuses              | -                | -                |
| Staff medical expenses and Insurance cover | -                | -                |
| Group personal accident insurance and WIBA | -                | -                |
| Social contribution                        | -                | -                |
| Other employee costs ( <i>specify</i> )    | -                | -                |
| <b>Employee costs</b>                      | <b>5,046,860</b> | <b>5,476,045</b> |

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

**17. Board of Management Expenses**

| Description                        | FY 2023-2024   | FY 2022-2023  |
|------------------------------------|----------------|---------------|
|                                    | Kshs           | Kshs          |
| Chairman's Honoraria               | -              | -             |
| Sitting allowance                  | 116,000        | 77,500        |
| Mileage                            | -              | -             |
| Insurance expenses                 | -              | -             |
| Induction and training             | -              | -             |
| Travel and accommodation allowance | -              | -             |
| Airtime allowances                 | -              | -             |
| <b>Total</b>                       | <b>116,000</b> | <b>77,500</b> |

**18. Depreciation and Amortization Expense**

| Description                                | FY 2023-2024   | FY 2022-2023   |
|--|----------------|----------------|
|  | Kshs           | Kshs           |
| Property, plant and equipment              | 540,315        | -              |
| Intangible assets                          | 165,009        | 205,454        |
| Investment property carried at cost        | -              | -              |
| <b>Total depreciation and amortization</b> | <b>705,324</b> | <b>205,454</b> |

**19. Repairs And Maintenance**

| Description                          | FY 2023-2024     | FY 2022-2023     |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| Property- Buildings                  | 404,230          | 1,263,010        |
| Medical equipment                    | 289,400          | 835,200          |
| Office equipment                     | -                | -                |
| Furniture and fittings               | -                | -                |
| Computers and accessories            | 71,640           | -                |
| Motor vehicle expenses               | 248,966          | 426,270          |
| Maintenance of civil works           | -                | -                |
| Maintenance of plant and equipment   | 264,920          | 258,945          |
| <b>Total repairs and maintenance</b> | <b>1,279,156</b> | <b>2,783,425</b> |

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

| Description                                  | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
|  | Kshs         | Kshs         |
| Community development and social work        | -            | -            |
| Education initiatives and programs           | -            | -            |
| Free/ subsidised medical camp                | -            | -            |
| Disability programs                          | -            | -            |
| Free cancer screening                        | -            | -            |
| Social benefit expenses                      | -            | -            |
| Other grants and subsidies( <i>specify</i> ) | -            | -            |
| <b>Total grants and subsidies</b>            | -            | -            |

21. General Expenses

| Description                        | FY 2023-2024 | FY 2022-2023 |
|------------------------------------|--------------|--------------|
|                                    | Kshs         | Kshs         |
| Advertising and publicity expenses | -            | -            |
| Catering expenses                  | 147,510      | 136,400      |
| Waste management expenses          | -            | -            |
| Insecticides and rodenticides      | -            | -            |
| Audit fees                         | -            | -            |
| Bank charges                       | 5,215        | 5,720        |
| Conferences and delegations        | -            | -            |
| Consultancy fees                   | -            | -            |
| Contracted services                | 1,896,000    | 1,896,000    |
| Electricity expenses               | 150,000      | 2,711,945    |
| Fuel and Lubricants                | 134,500      | 249,195      |
| Insurance                          | -            | -            |
| Research and development expenses  | -            | -            |
| Travel and accommodation allowance | 98,750       | 102,700      |
| Legal expenses                     | -            | -            |
| Licenses and permits               | -            | -            |
| Courier and postal services        | -            | -            |
| Printing and stationery            | 400,860      | 472,759      |
| Hire charges                       | -            | -            |
| Rent expenses                      | -            | -            |
| Water and sewerage costs           | 220,000      | -            |

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| Description  | FY 2023-2024     | FY 2022-2023     |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| Skills development levies  | -                | -                |
| Telephone and mobile phone services                                    | 440,000          | 555,000          |
| Internet expenses  | 255,200          | 187,920          |
| Staff training and development   | -                | -                |
| Subscriptions to professional bodies                                   | -                | -                |
| Subscriptions to newspapers periodical, magazines, and gazette notices | -                | -                |
| Library books/Materials  | -                | -                |
| Parking charges  | -                | -                |
| <b>Total General Expenses</b>  | <b>3,748,035</b> | <b>6,317,639</b> |

**22. Finance Costs**

| Description                             | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
|   | KShs         | KShs         |
| Borrowings (amortized cost) *           | -            | -            |
| Finance leases (amortized cost)         | -            | -            |
| Interest on Bank overdrafts/Guarantees  | -            | -            |
| Interest on loans from commercial banks | -            | -            |
| <b>Total finance costs</b>              | <b>-</b>     | <b>-</b>     |

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

| Description                         | FY 2023-2024 | FY 2022-2023 |
|-------------------------------------|--------------|--------------|
|                                     | KShs         | KShs         |
| Property, plant, and equipment      | -            | -            |
| Intangible assets                   | -            | -            |
| Other assets not capitalised        | -            | -            |
| <b>Total gain on sale of assets</b> | <b>-</b>     | <b>-</b>     |

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

| Description               | FY 2023-2024 | FY 2022-2023 |
|---------------------------|--------------|--------------|
|                           | KShs         | KShs         |
| Investments at fair value | -            | -            |
| <b>Total gain</b>         | <b>-</b>     | <b>-</b>     |

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

| Description                                 | FY 2023-2024     | FY 2022-2023     |
|---|------------------|------------------|
|   | KShs             | KShs             |
| Comprehensive care contracts with NHIF      | -                | -                |
| Non- Comprehensive contracts care with NHIF | -                | -                |
| Linda Mama Program                          | -                | -                |
| Waivers and Exemptions                      | (211,007)        | (827,912)        |
| <b>Total Gain/Loss</b>                      | <b>(211,007)</b> | <b>(827,912)</b> |

26. Impairment Loss

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

27. Cash And Cash Equivalent

| Description                            | FY 2023-2024     | FY 2022-2023     |
|--|------------------|------------------|
|  | KShs             | KShs             |
| Current accounts                       | 1,662,573        | 1,651,201        |
| On - call deposits                     | -                | -                |
| Fixed deposits accounts                | -                | -                |
| Cash in hand                           | -                | -                |
| Others( <i>specify</i> )- Mobile money | -                | -                |
| <b>Total cash and cash equivalent</b>  | <b>1,662,573</b> | <b>1,651,201</b> |

Notes to the Financial Statements (Continued)

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

| Description                         |                | FY 2023-2024        | FY 2022-2023        |
|-------------------------------------|----------------|---------------------|---------------------|
| Financial institution               | Account number | KShs                | KShs                |
| <b>a) Current account</b>           |                |                     |                     |
| Cooperative Bank of Kenya- FIF ACC  | 01141475765800 | 1,647,191.40        | 1,564,204.88        |
| Cooperative Bank of Kenya- NHIF ACC | 01141701565000 | 851.67              | 75.67               |
| FAMILY BANK                         | 001000053776   | 14,530.00           | 86,920.00           |
| <b>Sub- total</b>                   |                | <b>1,662,573.07</b> | <b>1,651,200.55</b> |
| <b>b) On - call deposits</b>        |                |                     |                     |
| Kenya Commercial bank               |                | -                   | -                   |
| Equity Bank – etc                   |                | -                   | -                   |
| <b>Sub- total</b>                   |                | <b>-</b>            | <b>-</b>            |
| <b>c) Fixed deposits account</b>    |                |                     |                     |
| Bank Name                           |                | -                   | -                   |
| <b>Sub- total</b>                   |                | <b>-</b>            | <b>-</b>            |
| <b>d) Others(specify)</b>           |                |                     |                     |
| cash in hand                        |                | -                   | -                   |
| Mobile money- Mpesa, Airtel money   |                | -                   | -                   |
| <b>Sub- total</b>                   |                | <b>-</b>            | <b>-</b>            |
|                                     |                |                     |                     |
| <b>Grand total</b>                  |                | <b>1,662,573</b>    | <b>1,651,201</b>    |

28. Receivables From Exchange Transactions

| Description                  | FY 2023-2024      | FY 2022-2023      |
|------------------------------|-------------------|-------------------|
|                              | KShs              | KShs              |
| Medical services receivables | 11,398,650        | 12,676,550        |
| Rent receivables             | -                 | -                 |
| Other exchange debtors       | -                 | -                 |
| Less: impairment allowance   | -                 | -                 |
| <b>Total receivables</b>     | <b>11,398,650</b> | <b>12,676,550</b> |

**Analysis of Receivables From Exchange Transactions**

| Description        | FY 2023-2024      |                | FY 2022-2023      |                |
|--------------------|-------------------|----------------|-------------------|----------------|
|                    | Kshs              |                | Kshs              |                |
|                    | Current FY        | % of the total | Comparative FY    | % of the total |
| Less than 1 year   | 5,138,550         | 45%            | 2,414,700         | 20%            |
| Between 1- 2 years | 2,414,700         | 21%            | 10,261,850        | 80 %           |
| Between 2-3 years  | 3,845,400         | 34%            | -                 | %              |
| Over 3 years       | -                 | %              | -                 | %              |
| <b>Total (a+b)</b> | <b>11,398,650</b> | <b>100%</b>    | <b>12,676,550</b> | <b>100%</b>    |

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

| Description  | FY 2023-2024      | FY 2022-2023     |
|--|-------------------|------------------|
|  | KShs              | KShs             |
| Transfers from the County Government               | 20,643,177        | 3,696,400        |
| Undisbursed donor funds                            | -                 |                  |
| Other debtors ( <i>non-exchange transactions</i> ) | -                 |                  |
| Less: impairment allowance                         | -                 |                  |
| <b>Total</b>                                       | <b>20,643,177</b> | <b>3,696,400</b> |

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

| Description        | FY 2023-2024         |                | FY 2022-2023     |                |
|--------------------|----------------------|----------------|------------------|----------------|
|                    | Kshs                 |                | Kshs             |                |
|                    | Current FY           | % of the total | Comparative FY   | % of the total |
| Less than 1 year   | 2,998,765            | 15%            | 3,696,400        | 100%           |
| Between 1- 2 years | -                    | %              | -                | %              |
| Between 2-3 years  | -                    | %              | -                | %              |
| Over 3 years       | 17,644,412           | 85%            | -                | %              |
| <b>Total (a+b)</b> | <b>20,643,177.00</b> | <b>%</b>       | <b>3,696,400</b> | <b>100%</b>    |

**30. Inventories**

| Description                              | FY 2023-2024     | FY 2022-2023     |
|--|------------------|------------------|
|  | KShs             | KShs             |
| Pharmaceutical supplies                  | 2,919,231        | 2,898,443        |
| Maintenance supplies                     | 22,000           | 22,000           |
| Food supplies                            | 28,235           | 53,686           |
| Non Pharmaceuticals                      | 2,980,745        | 2,662,341        |
| Linen and clothing supplies              | 236,278          | 563,754          |
| Cleaning materials supplies              | 3,420            | 69,463           |
| General supplies                         | 230,945          | 253,510          |
| Less: provision for impairment of stocks | -                | -                |
| <b>Total</b>                             | <b>6,420,854</b> | <b>6,523,197</b> |

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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              |
| <b>Cost</b>                        |      |                           |                |   |                  |                             |                          |                  |
| At 1 July 2022 (previous year)     | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Additions                          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Disposals                          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Transfers/adjustments              | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| <b>At 30<sup>th</sup> Jun 2023</b> | -    | -                         | -              | <b>634,950</b>                            | <b>1,067,400</b> | <b>332,400</b>              | <b>0</b>                 | <b>2,034,750</b> |
| At 1 July 2023 (current year)      | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Additions                          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Disposals                          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Transfer/adjustments               | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| <b>At 30<sup>th</sup> Jun 2024</b> | -    | -                         | -              | <b>634,950</b>                            | <b>1,067,400</b> | <b>332,400</b>              | <b>0</b>                 | <b>2,034,750</b> |
| <b>Depreciation and impairment</b> |      |                           |                |   |                  |                             |                          |                  |
| At 1 July 2022 (previous year)     | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Depreciation for the year          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Disposals                          | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| Impairment                         | -    | -                         | -              | -   | -                | -                           | -                        | -                |
| <b>At 30 June 2023</b>             | -    | -                         | -              | -   | -                | -                           | -                        | -                |

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| Description                             | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total     |
|---|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|-----------|
| At July 2023 (current year)             | -    | -                         | -              |   |               |                             |                          |           |
| Depreciation                            | -    | -                         | -              | 63,495                                    | 426,960       | 49,860                      | -                        | 540,315   |
| Disposals                               | -    | -                         | -              |   |               |                             |                          |           |
| Impairment                              | -    | -                         | -              |   |               |                             |                          |           |
| Transfer/adjustment                     | -    | -                         | -              |   |               |                             |                          |           |
| <b>At 30<sup>th</sup> June 2024</b>     | -    | -                         | -              | 63,495                                    | 426,960       | 49,860                      | -                        | 540,315   |
| <b>Net book values</b>                  | -    | -                         | -              |   |               |                             |                          |           |
| At 30 <sup>th</sup> Jun 2023 (previous) | -    | -                         | -              | 634,950                                   | 1,067,400     | 332,400                     | -                        | 2,034,750 |
| At 30 <sup>th</sup> Jun 2024 (current)  | -    | -                         | -              | 571,455                                   | 640,440       | 282,540                     | -                        | 1,494,435 |

Furniture has been depreciated at 10%  
 Ict equipment has been depreciated at 40%  
 Plant and equipment has been depreciated at 15%

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

**32. Intangible Assets-Software**

| Description                        | FY 2023-2024   | FY 2022-2023   |
|------------------------------------|----------------|----------------|
|                                    | KShs           | KShs           |
| <b>Cost</b>                        |                |                |
| <b>At beginning of the year</b>    | 412,522        | 616,975        |
| Additions                          | 0              | 0              |
| Additions-Internal development     | 0              | 0              |
| Disposal                           | 0              | 0              |
| <b>At end of the year</b>          | <b>412,522</b> | <b>617,975</b> |
| <b>Amortization and impairment</b> |                |                |
| <b>At beginning of the year</b>    | 412,522        | 617,975        |
| Amortization for the period        | 165,009        | 205,453        |
| Impairment loss                    | 0              | 0              |
| <b>At end of the year</b>          | <b>165,009</b> | <b>205,453</b> |
| <b>NBV</b>                         | <b>247,513</b> | <b>412,522</b> |

Software has been amortized at the rate of 40%

**33. Investment Property**

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

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

**34. Trade and other Payables**

| Description   | FY 2023-2024      |                       | FY 2022-2023          |                       |
|---|-------------------|-----------------------|-----------------------|-----------------------|
|   | KShs              |                       | KShs                  |                       |
| Trade payables  | 32,726,206        |                       | 33,311,138            |                       |
| Employee dues   | 1,071,866         |                       | -                     |                       |
| Third-party payments (e.g. unremitted payroll deductions) |                   |                       | -                     |                       |
| Audit fee   | -                 |                       | -                     |                       |
| Doctors' fee  | -                 |                       | -                     |                       |
| <b>Total trade and other payables</b>                     | <b>33,798,072</b> |                       | <b>33,311,138</b>     |                       |
| <b>Ageing analysis:</b>                                   | <b>Current FY</b> | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the total</b> |
| Under one year  | 4,191,832         | 13%                   | 13,993,286            | 42%                   |
| 1-2 years   | 11,798,428        | 35%                   | 15,663,468            | 47%                   |
| 2-3 years   | 14,327,829        | 42%                   | 837,969               | 2.5%                  |
| Over 3 years  | 3,479,983         | 10%                   | 2,816,414             | 8.5%                  |
| <b>Total</b>  | <b>33,798,072</b> | <b>100%</b>           | <b>33,311,138</b>     | <b>100%</b>           |

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

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

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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Deferred Income

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

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

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

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

**38. Borrowings**

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

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

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

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

**39. Service Concession Arrangements**

| Description  | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
|  | KShs         | KShs         |
| Fair value of service concession assets recognized under PPE | -            | -            |
| Accumulated depreciation to date                             | -            | -            |
| Net carrying amount  | -            | -            |
| Service concession liability at beginning of the year        | -            | -            |
| Service concession revenue recognized                        | -            | -            |
| Service concession liability at end of the year              | -            | -            |

Notes to the Financial Statements (Continued)

40. Cash Generated from Operations

| Description                                    | FY 2023-2024     | FY 2022-2023     |
|--|------------------|------------------|
|  | KShs             | KShs             |
| Surplus for the year before tax                | 1,483,296        | 834,413          |
| <b>Adjusted for:</b>                           |                  |                  |
| Depreciation                                   |                  |                  |
| Non-cash grants received                       |                  |                  |
| Impairment                                     |                  |                  |
| Gains and losses on disposal of assets         |                  |                  |
| Contribution to provisions                     |                  |                  |
| Contribution to impairment allowance           |                  |                  |
| <b>Working Capital adjustments</b>             |                  |                  |
| Increase in inventory                          |                  |                  |
| Increase in receivables                        |                  |                  |
| Increase in deferred income                    |                  |                  |
| Increase in payables                           |                  |                  |
| Increase in payments received in advance       |                  |                  |
| <b>Net cash flow from operating activities</b> | <b>1,647,191</b> | <b>1,427,299</b> |

Notes to the Financial Statements (Continued)

**41. Financial Risk Management**

The Kihara Level 4 Hospital'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 Kihara Level 4 Hospital's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Kihara Level 4 Hospital 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 Kihara Level 4 Hospital'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                             |                   |                  |          |                   |
| Receivables from exchange transactions      | 6,260,100         |                  |          | 6,260,100         |
| Receivables from –non-exchange transactions | 17,644,412        |                  |          | 17,644,412        |
| Bank balances                               | -                 |                  |          | -                 |
| <b>Total</b>                                | <b>23,904,512</b> |                  |          | <b>23,904,512</b> |
| At 30 June 2024                             |                   |                  |          |                   |
| Receivables from exchange transactions      | 11,398,650        |                  |          | 11,398,650        |
| Receivables from –non-exchange transactions | 20,643,177        |                  |          | 20,643,177        |
| Bank balances                               | -                 |                  |          | -                 |
| <b>Total</b>                                | <b>32,041,827</b> |                  |          | <b>32,041,827</b> |

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kihara Level 4 Hospital has 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 Kihara Level 4 Hospital's short, medium and long-term funding and liquidity management requirements. The Kihara Level 4 Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

| Description                   | Less than 1 month | Between 1-3 months | Over 5 months | Total             |
|-------------------------------|-------------------|--------------------|---------------|-------------------|
|                               | Kshs              | Kshs               | Kshs          | Kshs              |
| <b>At 30 June 2023</b>        |                   |                    |               |                   |
| Trade payables                | <b>33,311,138</b> |                    |               | <b>33,311,138</b> |
| Current portion of borrowings | -                 |                    |               |                   |
| Provisions                    | -                 |                    |               |                   |
| Deferred income               | -                 |                    |               |                   |
| Employee benefit obligation   | -                 |                    |               |                   |
| <b>Total</b>                  | <b>33,311,138</b> | -                  | -             | <b>33,311,138</b> |
| <b>At 30 June 2024</b>        |                   |                    |               |                   |
| Trade payables                | 33,798,072        |                    |               | 33,798,072        |
| Current portion of borrowings |                   |                    |               |                   |
| Provisions                    |                   |                    |               |                   |
| Deferred income               |                   |                    |               |                   |
| Employee benefit obligation   |                   |                    |               |                   |
| <b>Total</b>                  | <b>33,798,072</b> |                    |               | <b>33,798,072</b> |

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

**iv)Capital Risk Management**

The objective of the Kihara Level 4 Hospital’s capital risk management is to safeguard the Hospital’s ability to continue as a going concern. The Kihara Level 4 Hospital capital structure comprises of the following funds:

| Description   | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
|   | Kshs         | Kshs         |
| Revaluation reserve                                   | -            | -            |
| Retained earnings                                     | -            | -            |
| Capital reserve                                       | -            | -            |
| <b>Total funds</b>                                    | -            | -            |
|   | -            | -            |
| Total borrowings                                      | -            | -            |
| Less: cash and bank balances                          | -            | -            |
| Net debt/ ( <i>excess cash and cash equivalents</i> ) | -            | -            |
| <b>Gearing</b>  | -            | -            |

**42. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the Kihara Level 4 Hospital 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.

Kiambu County Government is the principal shareholder of the *Kihara Level 4 Hospital*, holding 100% of the *Kihara Level 4 Hospital's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the Kihara Level 4 Hospital, both domestic and external. The related parties include:

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

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| Description  | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
|  | Kshs         | Kshs         |
| <b>Transactions with related parties</b>               |              |              |
|  |              |              |
| <b>a) Services offered to related parties</b>          |              |              |
| Services to  | -            | -            |
| Sales of services to                                   | -            | -            |
| <b>Total</b>   | -            | -            |
|  |              |              |
| <b>b) Grants from the Government</b>                   |              |              |
| Grants from County Government                          | -            | -            |
| Grants from the National Government Entities           | -            | -            |
| Donations in kind                                      | -            | -            |
| <b>Total</b>   | -            | -            |
|  |              |              |
| <b>c) Expenses incurred on behalf of related party</b> |              |              |
| Payments of salaries and wages for employees           | -            | -            |
| Payments for goods and services for                    | -            | -            |
| <b>Total</b>   | -            | -            |
|  |              |              |
| <b>d) Key management compensation</b>                  |              |              |
| Directors' emoluments                                  | -            | -            |
| Compensation to the medical Sup                        | -            | -            |
| Compensation to key management                         | -            | -            |
| <b>Total</b>   | -            | -            |

**43. Contingent Liabilities**

| Contingent liabilities                  | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
|   | Kshs         | Kshs         |
| Court case against the hospital         | -            | -            |
| Bank guarantees in favour of subsidiary | -            | -            |
| <b>Total</b>                            | -            | -            |

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

**44. Capital Commitments**

| Capital Commitments           | FY 2023-2024 | FY 2022-2023 |
|-------------------------------|--------------|--------------|
|                               | <b>Kshs</b>  | <b>Kshs</b>  |
| Authorised For                | -            | -            |
| Authorised And Contracted For | -            | -            |
| <b>Total</b>                  | -            | -            |

**45. Events after the Reporting Period**

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

**46. Ultimate and Holding Kihara Level 4 Hospital**

The Kihara Level 4 Hospital is a Semi- Autonomous Government Agency under the Department of Health Services. Its ultimate parent is the County Government of Kiambu

**47. Currency**

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

**20. Appendices**

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

The following is the summary of issues raised by the external auditor for the financial year ended 30<sup>th</sup> June 2022, 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.

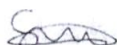
| Reference No. on the external audit Report | Issue / Observations from Auditor                               | Management comments   | Status: (Resolved / Not Resolved) | Timeframe:  |
|--|---|---|-----------------------------------|-------------|
| 1.0  | Inaccuracies in the financial statements                        | the inaccuracies were rectified in the revised financial statements   | resolved                          |             |
| 1.2  | Variances between financial statements and supporting schedules | The supporting schedules were providing and the variances were corrected in the revised financial statements  | resolved                          |             |
| 2.0  | Unsupported in kind contributions from the county government    | The supporting list of deliveries of pharmaceuticals and non pharmaceuticals supplied by the county government was presented                        | resolved                          |             |
| 3.0  | Inaccuracy in revenue from rendering of services                | The hospital has been expiring rampant power shortages which made it not possible to optimally use the HMIS   | Not resolved                      | In progress |
| 4.0  | Unsupported NHIF disbursements                                  | NHIF capitation invoices and nhif bank statements were presented to support the disbursements   | resolved                          |             |
| 5.0  | Inaccuracy in cash and cash equivalents                         | The error was rectified in the revised financial statements. The cashbook and bank reconciliation for the revenue collection account was presented. | Resolved                          |             |
| 6.0  | Long outstanding  | The management is in  | Not resolved                      | ongoing     |

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| Reference No. on the external audit Report | Issue / Observations from Auditor          | Management comments  | Status: (Resolved / Not Resolved) | Timeframe: |
|--|--|--|-----------------------------------|------------|
|  | receivables from non-exchange transactions | talks with CHMT as they discuss on the recoverability of the receivables   |                                   |            |
| 7.0  | Unsupported inventories                    | The supporting schedules for the inventories was provided indicating the description, quantity and valuation.          | Resolved                          |            |
| 8.0  | Unsupported property, plant and equipment  | The corrected and accurate cost of the PPE was presented in the revised financial statements.                          | resolved                          |            |
| 9.0  | Un-amortized intangible assets             | The software was amortized   | resolved                          |            |
| 10.0                                       | Unsupported trade and other payabled       | A supporting schedule was provided which indicated the details of the vendor, goods/services supplied and amount owed. | resolved                          |            |

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Kihara Level 4 Hospital responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
**Dr. Samuel Mumira**  
**Accounting Officer**

**Appendix II: Projects Implemented by Kihara Level 4 Hospital**

**Projects**

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/<br>duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|---------------------|------------------|---|---|
| 1             |                |       |                     |                  |   |   |
| 2             | N/A            |       |                     |                  |   | N/A   |

**Status of Projects completion**

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|---------|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1  |         |                    |                        |                      |        |        |                  |
| 2  |         |                    |                        |                      |        |        |                  |
| 3  |         | N/A                |                        |                      |        |        | N/A              |

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**Appendix III: Inter-Kihara Level 4 Hospital Confirmation Letter**


Name of Transferring Kihara Level 4 Hospital.....

Name of Beneficiary Kihara Level 4 Hospital.....

| Confirmation of amounts received by [Insert name of beneficiary Kihara Level 4 Hospital] as at 30 <sup>th</sup> June (Current FY) |                |                      |                 |                      |         |
|---|----------------|----------------------|-----------------|----------------------|---------|
| Reference Number  | Date Disbursed | Recurrent (A)        | Development (B) | Total (C)=(A+B)      | Remarks |
| 005ORGC232680006/005000072712   | 25/09/2023     | 13,696,430.40        | -               | 13,696,430.40        |         |
| 005ORGC240120014/005000072712   | 12/01/2024     | 4,916,453.00         | -               | 4,916,453.00         |         |
| 005ORGC241100014/005000072712   | 19/04/2024     | 2,488,056.00         | -               | 2,488,056.00         |         |
|   |                | <b>21,100,939.40</b> |                 | <b>21,100,939.40</b> |         |

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

**Head of Accounts Department - Disbursing:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Kihara Level 4 Hospital:**  
 Name .....Salome M. Waweru..... Sign ...  ..... Date...22/12/2024.....

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

**Appendix IV Reporting of Climate Relevant Expenditures**

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

**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 |
|-----------|---------------|---------------|--|------------------|----------------|----------|
|           |               |               |  |                  |                |          |
|           |               |               |  |                  |                |          |
|           |               |               |  |                  |                |          |
|           |               |               |  |                  |                |          |