

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

LUSINGETTI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2023

COUNTY GOVERNMENT OF KIAMBU

PARLIAMENT
OF KENYA
LIBRARY

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LUSINGETTI LEVEL 4 HOSPITAL (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Revised 30th June 2023



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**LUSINGETTI LEVEL 4 HOSPITAL (Kiambu County
Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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1. Acronyms & Glossary of Terms

| | |
|---------|---|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| NSM | Nursing Service Manager |
| HAO | Hospital Administrative Officer |
| HRIO | Hospital Records Information Officer. |
| KMPDU | Kenya Medical Practitioners and Dental Union. |
| PSK | Pharmaceutical Society of Kenya |
| CCC | Comprehensive Care Clinics |
| PAC | Pre-Anaesthesia Check-up |
| MBA | Masters of Business Administration |
| HMT | Hospital Management Team |
| OPD | Out Patient Department |
| ALOS | Average Length Of Stay |
| MCH | Maternal-Child Health |
| MOPC | Medical Out-Patient Clinic |
| OPD | Out-Patient Department |
| ICPAK | Institute of Certified Public Accountants of Kenya. |

2. Key Entity Information and Management

(a) Background information

Lusigetti sub county Hospital is a level 4 hospital established under gazette notice number and is domiciled in kiambu County government VOL.CXXII-NO.24 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Mandate of the department

To provide health services, create an enabling environment, regulate, set standards and policy for health service delivery.

Core objectives.

1. Policy Formulation and Implementation
2. Preventive and Promotive Health Services
3. Curative and Rehabilitative Health Services
4. Standards and Regulations
5. Monitoring and Evaluation of provision of Health care services

Vision

An efficient, effective and high quality health care system that is accessible, equitable and affordable for every person in Kiambu County.

Mission

To provide health services that are equitable, accessible and accountable to the people of Kiambu County through participatory Leadership.

(c) Key Management

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

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

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------------|----------------------------|
| 1. | Medical Superintendent | Dr Dennis Kinyanjui |
| 2. | Head of finance | Anne njuguna |
| 3. | Head of supply chain | Abistany Mbogo |
| 4. | Health administrative officer | Purity Mundia- |
| 5. | Pharmacy in charge | Dr Samuel Munga |
| 6 | Nurse in charge | Mirrium Kimingi |
| 7. | laboratory in charge | Anne Wanjiru |
| 8. | HRIO | Cindy Beth |

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee

A) Audit committee

- **Mandate, Roles, Duties And Responsibilities.**
- Mandate (i) The audit committee should drive the assessment of the performance of the head of internal audit. (ii) Examine internal and external audit reports and recommendations after management response to ensure action is taken. (iii) There should be adequate mechanisms enabling the audit committee to facilitate adequate disposal of all PAC recommendations. This is done by following up to ensure positive action is taken (iv) The audit committee is responsible for communicating with the internal and external auditors.
- In its overseeing role, the committee should focus on:- (i) The changing business environment; (ii) Changing financial reporting requirement; (iii) Audit findings, including comments governance, risk and controls; (iv) Proposed audit scope and audit

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coverage and approaches with respect to complex, high risks, and judgement areas; (v) Management response to specific audit recommendations.

- **Roles** (i) The audit committee plays a key role with respect to the integrity of the entity's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees. (ii) Depending upon circumstances affecting an entity, the functions undertaken by an audit committee will generally encompass the following areas: (i) Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management. (ii) Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended. (iii) Performing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
- **Responsibilities**
- **Financial reporting**
- (i) The audit committee should review, and report to the board and executive management on, the significant financial reporting issues and judgements made in connection with the preparation of the entity's financial statements (having regard to matters communicated to it by the auditor), interim reports, preliminary announcements and related formal statements. (ii) It is management's, not the audit committee's responsibility to prepare complete and accurate financial statements and disclosures in accordance with financial reporting standards and applicable rules and regulations. However the audit committee should consider significant accounting policies, any changes to them and any significant estimates and judgements. The management should inform the audit committee of the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches. Taking into account the external auditor's view, the audit committee should consider whether the entity has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements. The audit committee should review the clarity and completeness of disclosures in the financial statements and consider whether the

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disclosures made are set properly in context. (iii) Where, following its review, the audit committee is not satisfied with any aspect of the proposed financial reporting by the entity, it shall report its views to the board and executive management. (iv) The audit committee should review related information presented with the financial statements, including the business review, and corporate governance statements relating to the audit and to risk management. Similarly, where board approval is required for other statements containing financial information (for example, summary financial statements, significant financial returns to regulators and release of price sensitive information), whenever practicable the audit committee should review such statements first (without being inconsistent with any requirement for prompt reporting under the Listing Rules).

- **Narrative Reporting**

- (I) Where requested by the board or executive management, the audit committee should review the content of the annual report and accounts and advise the Executive Management, Accounting Officers, and the Boards or executive management on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the entity's performance, business model and strategy. (II) This report will inform the board's statement on these matters required under Code of Governance for Public and State Officers and the Code of Governance for State Corporations (Mwongozo). In order for the board to make that statement, any review undertaken by the committee would need to assess whether the narrative in the front of the report was consistent with the accounting information in the back, so as to ensure that there were no surprises hidden in the accounts.

- **Whistle blowing**

- The audit committee should review arrangements by which staff of the entity or any other person may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

- **Internal controls and risk management systems**

- (I) The audit committee should review the entity's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risks). (II) The entity's management is responsible for the identification, assessment, and management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the board and executive management that it has done so. Except where the board or a risk committee is expressly responsible for reviewing the effectiveness of the internal control and risk management systems, the audit committee should receive reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors. (III) Except to the extent that this is expressly dealt with by the board or risk committee, the audit committee should review and approve the statements included in the annual report in relation to internal control and the management of risk.

- **The internal audit process**

- (I) The audit committee should monitor and review the effectiveness of the entity's internal audit function. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board and executive management, and the reasons for the absence of such a function should be explained in the relevant section of the annual report. (II) Senior management and the board require objective assurance and advice on governance, risk and control. An adequately resourced internal audit function shall provide such assurance and advice. There may be other functions within the entity that

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also provide assurance and advice covering specialist areas such as health and safety, regulatory and legal compliance and environmental issues. (III) When undertaking its assessment of an internal audit function, the audit committee should also consider whether there are any trends or current factors relevant to the entity's activities, markets or other aspects of its external environment that have increased, or are expected to increase, the risks faced by the entity. Such an increase in risk may also arise from internal factors such as organisational restructuring or from changes in reporting processes or underlying information systems. Other matters to be taken into account may include adverse trends evident from the monitoring of internal control systems or an increased incidence of unexpected occurrences. (IV) In the absence of an internal audit function, management needs to apply other monitoring processes in order to assure itself, the audit committee and the board that the system of internal control is functioning as intended. In these circumstances, the audit committee will need to assess whether such processes provide sufficient and objective assurance. (V) If the external auditor is being considered to undertake aspects of the internal audit function, the audit committee should consider the effect this may have on the effectiveness of the entity's overall arrangements for internal control and stakeholder perceptions in this regard.

Stakeholder perceptions are likely to be influenced by: (i) the rationale set out in the annual report for the work being performed by the external auditor; (ii) the nature and extent of the work performed by the external auditor; (iii) how the independence and objectivity of the external auditor and internal audit function have been safeguarded; and (iv) Whether, in the absence of internal audit work, the audit committee is wholly reliant on the views of the external auditor about the effectiveness of its system of controls relating to core activities and significant locations. (v) The audit committee should review and approve the internal audit function's remit, having regard to the complementary roles of the internal and external audit functions. (vi) The audit committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors.

B) Risk Committee

Rationale for Implementing Risk Management committee

Each public sector entity has a constitutional and legislative mandate to provide value to its stakeholders in form of services and goods. Entities set strategies that support their missions and visions and set objectives at different levels to achieve those strategies. However, public sector entities face a myriad of challenges and poor reputation as a result of alleged corruption, inefficiencies, budget overruns, and pending bills among others that impede service delivery. Public entities operate in environments that are increasingly complex, volatile and ambiguous where factors such as technology, regulation and policy changes, demographics, restructuring, changing service requirements, inaccurate or incomplete data and information, and natural calamities; create uncertainty. In addition, challenges such as inadequate capacity and limited resources, excessive bureaucracy, silo mentality, differing expectations from stakeholder groups and infrastructure constraints among others, have compounded management of these entities. Consequently, public entities face the possibility that potential events will occur that will affect their ability to achieve their service performance and business objectives.

Benefits of Risk Management Committee

In a dynamic and complex public sector context, risk management plays a significant role in strengthening government capacity to recognize, understand, accommodate and capitalise on new challenges and opportunities, in analysing uncertainties within decision-making arrangements, in clarifying accountabilities and in demonstrating how the public interest is best served. Effective risk management systems improve government's ability to deliver services to its citizens by focusing on performance, encouraging innovation and supporting the achievement of objectives therefore creating and protecting value through continuous review of its processes and systems and improvement. This promotes accountability in use of limited public resources.

Benefits that accrue from effective risk management systems include:

(I) Improved accountability and better governance (II.) Improved entity performance and resilience; (III.) Improved the ability to identify, evaluate, and manage major threats (IV.) Improved recognition and seize of opportunities (V.) Enabling risk-based decision making and strategy-setting (VI.) Optimised resource allocation to match risk exposure (VII.) Decreased

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potential for unacceptable or undesired behaviours such as fraud and other unethical practices (VIII.) Improved financial management (IX.) Improved communication and consultation within the entity and parties sharing risks (X.) Foster risk-informed culture (XI.) Improved compliance with laws and regulations and (XII.) Creation and protection of stakeholders' value and confidence in public entities .

C) County Assembly committees

Committees of the County Assembly are established and operate pursuant to the Constitution of Kenya, 2010, the Standing Orders, other enabling legislation and Resolutions of the Assembly. The County Assembly Standing Orders provide for the following two broad types of Committees namely-

1. Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

Establishment of the Committee on Health Services

The Sectoral Committee on Health Services was established on Thursday 5th October, 2017, pursuant to the provisions of the Standing Order 203(1).

Functions of the Committee

Pursuant to the Provisions of the Standing Order 203 (6), the functions of the Committee are to-

1. Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the department;
2. Study the programme and policy objectives of the department and the effectiveness of the implementation;
3. Study and review all county legislation referred to it;
4. Study, assess and analyse the relative success of the department as measured by the results obtained as compared with their stated objectives;
5. Investigate and inquire into all matters relating to the department as they may deem necessary, and as may be referred to them by the County Assembly;

6. To vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 196 (Committee on Appointments); and
7. Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

Subject Area of the Committee

The Third Schedule to the County Assembly Standing Orders provides that the Committee is to consider all matters related to county health services, including, in particular county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession), cemeteries, funeral parlours and crematoria.

D) Parliamentary committees

Mandate and Classification

1. Committees are a vital tool or organ in the working processes of Legislatures, without which, the proceedings of a Legislature could grind to a halt for the sheer volume of activities that would have to be considered at Plenary. Committees are agents, which enable Legislatures to organise their work in such a way as to perform numerous activities simultaneously and expeditiously. These include matters such as:

- (i) Reviewing legislation;
- (ii) Reviewing and approving the budget and expenditures for the execution of governance;
- (iii) Scrutinising governance activities, policies and programmes, assessing whether they meet the intended objectives of legislation, policy frameworks and development plans;
- (iv) Conducting investigations on special issues;
- (v) Vetting and approving executive appointments;
- (vi) Providing a platform for public participation in the execution of specified business.

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2. Committees are an efficient way of running the business of the House. Well-functioning Committees expand democratic governance. Committee mandates and membership focus attention on specific issues and engender meaningful deliberations. Committees have defined mandates and memberships. They study an issue or set of issues and then report back to the House. This allows individual Senators to focus their attention on a subject matter, study it in detail and deepen their understanding of the issue(s). The Committee setting enhances the ability of Senators to be productively engaged in the nitty-gritties of the workings of a Parliament and so take ownership of its outcome. Senators are able to discuss issues informally, are less constrained by party discipline and are able to develop relationships with colleagues who belong to other parties.

3. Select Committees are mechanisms enabling public engagement and legitimization of the operations of Parliament. It is a forum for Senators to interact and involve the public and various stakeholders in the work of Parliament. Committees hold hearings and meetings that provide the democratic opportunity for various interest groups (academics, professionals and individual citizens) with varied expertise, to participate by presenting their views on a range of issues.

4. Committees are a means of establishing institutional leadership and visibility in the public arena. Members, particularly those who have served in particular committees for long periods, develop expertise. Such members become resourceful on specific issues and are recognized as reference sources by their peers, the public and the media.

5. The value and benefit accruing from the use of Committees, lie in the fact that they perform functions which, the House is not fitted to perform in its corporate form, such as:-

1. summoning persons to present oral evidence and written memoranda or documents;
2. sitting as frequently as is desirable, including, sitting away from the precincts of the Senate and for longer hours;
3. availing an environment that can facilitate presentation of details, sifting through evidence and formulating reasoned conclusions, consistent with the both the statute and procedure;
4. carrying out inspection tours, inquiry on matters out of which reports with recommendations are submitted to the House; and,

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5. forming sub-Committees for the effective and efficient discharge of varied issues within the mandate of the Committees

6. These functions are more efficiently carried out by small groups of Senators. Among the several advantages of Committees, include, the possibility of several of them operating at the same time, thus enabling many matters to be dealt with concurrently and expeditiously. Overall, by concentrating on specific matters or subjects, Select Committees also offer the benefits of specialisation to both Senators and staff. The indelible advantage that underlie evolution of Select Committees at Westminster, was the ability they would provide for the Legislature to delve into and deal with virtually all sectors and units of departments within the Executive, by having these assigned to Committees other than dealing with them at Plenary.

7. The advantage enjoyed by Committees under presidential systems is ascribed mainly to the practice of separation of powers under the system. Committees in presidential systems have better standing in providing a less partisan atmosphere in which Members can consider Legislative proposals and conduct inquiry with less control from the executive branch of government.

The hospital has the following oversight managerial committees

Human Resource Committee. This team is responsible for reviewing, continuously assessing and planning the human resource component of the hospital. Comprises Med supt, HAO, NSM, Lab In Charge, Pharmacist in charge, Accountant

Quality Committee. This committee is in charge of ensuring the hospital offers high standards of quality on each front. Specifically, the Quality Committee provides oversight, monitoring and assessment of key organisational processes, outcomes and external reports; makes recommendations concerning physician credentialing and other oversight activities; and recommends appropriate Board policies.

Pharmacist in charge, Lab in charge, NSM, Procurement and HAO.

Rewards and Sanctions Committee Comprises of Med Supt, HAO,NSM, This committee is in charge of rewarding or sanctioning staff according to performance.

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Data Review Committee Comprises HRIO, Med supt, Pharmacist I/C, Lab I/C. This committee is in charge of ensuring data presented is accurate verifiable and presented in a timely manner


Infection prevention Control Committee. This committee is responsible for ensuring the health safety of staff and patients with regards to the environment. Comprises Public health officer, HAO, NSM Pharmacist I/C, Lab I/C.

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- (g)** Entity Headquarters
P.O. Box 2000-00902
Lusigetti Building/House/Plaza
Dagoretti – Mutarakwa Avenue/Road/Highway
Kikuyu, Kenya.
- (h)** Entity Contacts
Telephone: (+254) 704002077
E-mail: lusigettisubcountyhospital@gmail.com
Website: www.kiambucounty.co.ke
- (i)** Entity Banker
Kcb bank
Kikuyu branch
- (j)** Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (k)** Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (l)** County Attorney
P.O. Box. 2344-00900
Kiambu, Kenya.

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I. THE BOARD OF DIRECTORS

| Directors | Details |
|--|---|
| <p>Director 1 Godfrey Wambaa</p>  <p>Bachelor Business Administration Administrator</p> | <p>Academics</p> <ul style="list-style-type: none"> ▪ MBA (Strategic Management (thesis ongoing)) ▪ Bsc. Business Administration ▪ Dip Pharmacist Registered to practise as a pharmacist.(Medical training centre, Nbi. <p>Work experience</p> <ul style="list-style-type: none"> ▪ Acting Pharmacist i/c Mander District Hospital(1985-1986) ▪ Head of tableting section - Dawa Pharmaceuticals Ltd (1987- 1989) ▪ Factory supervisor, Boots E.A(1989-1990) ▪ Hospital Medical Representative, SmithKline Beecham(1991-1993) ▪ National Sales Manager, SmithKline Beecham Pharmaceuticals(1994-1998) ▪ Head of Sales E.A. GlaxoSmithKline Pharmaceuticals (1999-2011) ▪ Managing Director, Medipoint Pharmaceuticals Ltd ,City Square Pharmacy Ltd(2012 to date) |

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| | |
|---|---|
| <p align="center">Director 2 Dr. Dennis Kinyanjui</p>  <p align="center">MbcHb MMED-Family medicine</p> | <p align="center">MED SUPT</p> <p>Dr Dennis G Kinyanjui Medical Superintendent Lusigetti Sub County Hospital.</p> <ul style="list-style-type: none"> ▪ Dr kinyanjui has 9 years work experience as a family physician. ▪ He has experience in Clinical and managerial functions in the running of a hospital. ▪ He holds a MbcHb from kampala international university and MMED-Family Medicine from University of Havana,Cuba ▪ Chair of HMT, accounting officer Lusigetti-sub county Hospital |
| <p align="center">Director 3 Mary Pere</p>  <p align="center">Diploma in Advance Nursing Nursing Officer</p> | <ul style="list-style-type: none"> ▪ Diploma in Advanced Nursing (UoN) ▪ Diploma in Kenya Registered Public Health Nurse (UoN) ▪ Diploma in Kenya Registered Midwife (Pumwani Maternity Hospital). ▪ Diploma in Kenya Registered Nurse (Kenya Medical Training Centre). ▪ Teacher |

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Director 4
Njunge Mukirae



Diploma in Finance Management
Finance Officer

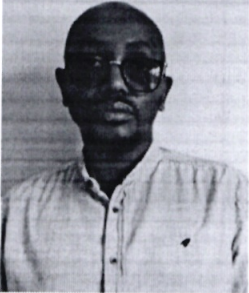


- Diploma holder in Finance
- Management from Rapid Results College London

Work experience




- Ministry of Finance 1965-1966
- Central bank of Kenya 1966
- Kyu Garments Kenya Ltd 1966-1980
- Phenom Development Company 1980-1992
- Real Estate Developer Tilisi
- Farmer

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III. Management Team

| Directors | Details |
|--|--|
| <p>Dr. Dennis Kinyanjui</p>  <p>MbcHb MMED-Family medicine</p> | <ul style="list-style-type: none"> ▪ MED SUPT ▪ Dr Dennis G Kinyanjui Medical Superintendent Lusigetti Sub County Hospital. ▪ Dr kinyanjui has 9 years work experience as a family physician. ▪ He has experience in Clinical and managerial functions in the running of a hospital. ▪ He holds a MbcHb from kampala international university and MMED-Family Medicine from University of Havana,Cuba <p>Chair of HMT, accounting officer Lusigetti-sub county Hospital.</p> |
| <p>PURITY MUNDIA</p>  <p>Diploma in Business Administration Administrator</p> | <p style="text-align: center;">Ag, HAO</p> <p style="text-align: center;">Purity Mundia</p> <ul style="list-style-type: none"> • 6 years of experience as an administrator. <p style="text-align: center;">Responsibility:</p> <ul style="list-style-type: none"> • Member of HMT <p>Hospital Human Resource Manager</p> |
| <p>MIRIAM KIMINGI</p>  <p>Bachelor of Science in Nursing Degree Diploma in Community Health Nursing Nursing Officer</p> | <p style="text-align: center;">Nsm</p> <p style="text-align: center;">Miriam Muthoni Kimingi.</p> <p>Nursing Services Manager Lusigetti Sub County Hospital.</p> <ul style="list-style-type: none"> • 12 Years working experience as a nursing officer in public service. • Holds Bachelor of Science in nursing degree and Diploma in Community Health Nursing. <p style="text-align: center;">Responsibility:</p> <ul style="list-style-type: none"> ▪ Member of HMT, Management of nursing services in the hospital and Offering nursing services. |

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| | |
|---|--|
| <p align="center">DR. SAMUEL MUNAI</p>  <p align="center">(M.Sc.) Degree in Health Systems Management Bachelor of Pharmacy Degree (Bpharm) Pharmacist / Manager</p> | <p align="center">Pharmacist I/C</p> <ul style="list-style-type: none"> • Dr. Samuel has 7 years working experience as a Pharmacist. He holds a Master of Science (M.Sc.) degree in Health Systems Management, • Bachelor of Pharmacy Degree (Bpharm) from Mount Kenya University and a certification in Senior Management Course from Kenya School of Government. • Moreover, he is a member of the Kenya Medical Practitioners and Dentists Union (KMPDU) and Pharmaceutical Society of Kenya (PSK). |
| <p align="center">ANN WANJIRU NJOGU</p>  <p align="center">Diploma in Laboratory Tehnology Laboratory Technologist</p> | <p align="center">Lab I/C</p> <p align="center">Ann Wanjiru Njogu. Medical Laboratory Officer In Charge Lusigetti Sub County Hospital.</p> <ul style="list-style-type: none"> ▪ I am an impact driven reliable medical laboratory technologist with an experience gained in specimen collection, processing and analysing, data collection and management. |
| <p align="center">STEPHEN NJUGUNA</p>  <p align="center">Bachelor degree in Health System Management, Higher Diploma in Clinical Medicine (Dermatology and Venereology), Higher National Diploma in Human Resource Management, Diploma in Clinical Medicine and Surgery</p> | <p align="center">Co I/C</p> <p align="center">Stephen Njuguna Njiraini.</p> <ul style="list-style-type: none"> ▪ 12 Years working experience as a clinical officer^c in public service. • Holds bachelor degree in Health System Management, Higher Diploma in Clinical Medicine (Dermatology and Venereology), Higher National Diploma in Human Resource Management, Diploma in Clinical Medicine and Surgery. <p align="center">Responsibility.</p> <ul style="list-style-type: none"> • Member of HMT. Management of clinical services in the hospital. • Offering medical services at dermatology clinic, CCC/TB Clinic, OPD & Casualty. |

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| | |
|--|---|
| <p style="text-align: center;">DR. ZAINABU WANGECI</p>  <p style="text-align: center;">Bachelors in Medicine & Surgery Diploma in Clinical Medicine Medical Officer</p> | <p style="text-align: center;">Medical Officer I/C</p> <p>Dr. Zainabu Wangeci Njenga has been a medical officer for the last 4 years</p> <p style="text-align: center;">Current responsibilities include;</p> <ul style="list-style-type: none"> • Ward round and handling any medical/ surgical emergencies in the ward and OPD • Managing the MOPC and POPC clinics, reviewing difficult cases at OPD ,A/E, reviewing patients sent from all other departments • Available daily for calls. • She completed her MBCHB in 2018 at Kampala International University and prior to that had done her clinical medicine from Jomo Kenyatta University of Agriculture and Technology which she completed in 2011. |
| <p style="text-align: center;">ANNE NJAMBI NJUGUNA</p>  <p style="text-align: center;">B.com Finance, ICPAK Accountant</p> | <p style="text-align: center;">Accountant In Charge</p> <p style="text-align: center;">CPA Anne Njambi Njuguna</p> <ul style="list-style-type: none"> • Holds a bachelor degree in commerce finance option and CPA K and is a member of ICPAK. • She has six years' experience in financial reporting and reconciliation. <p style="text-align: center;">The main responsibilities</p> <ul style="list-style-type: none"> • Collection of revenue from different streams in the hospital and payment of casuals and other expenses. |
| <p style="text-align: center;">ABISTANY WANJIRU MBOGO</p>  <p style="text-align: center;">Master's Degree in Procurement and Logistics (JKUAT)</p> | <p style="text-align: center;">Procurement in Charge</p> <p style="text-align: center;">Abistany Wanjiru Mbogo</p> <p style="text-align: center;">[Principal Supply Chain Management Officer]</p> <ul style="list-style-type: none"> • Holds a Master's Degree in Procurement and Logistics (JKUAT) • Currently pursuing a Ph. D in Supply Chain Management (JKUAT) • Bachelor of Arts Degree in Social Sciences (Moi University), Certification in Senior Management Course (Kenya School of Government), • Member of Kenya Institute of Supplies Management (KISM), • Has ten years working experience in Supply Chain Management. • Participate in the tender evaluation process; |

LUSINGETTI LEVEL 4 HOSPITAL (Kiambu County Government)
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3. Chairman's Statement
Chairman's Report

The Hospital Board was appointed on 19th April 2021 and inaugurated on 13th July 2021

The board members include:

Godfrey N. Wambaa - Chairman
Njunge Mukirae - Member
Rahab Ndoro - Member
Mary Pere - Member
George Kimani -Member

The board's main objective was to provide an oversight over the general administration of the hospital, promote the development of the hospital, recommend to the executive member plans and programs for implementation and recommend to the executive member budget estimates amongst others. Our first board meeting was held on 29th July 2021 and the 2nd one on 16th Sept 2021. The biggest challenge was to convince the staff of the role of the Hospital board that never existed before. The board's priorities have been to operationalize the theatre, clear the salary arrears for the casuals, connect reliable electric power to the hospital and obtain a reliable water source for the hospital. The theatre has recently started operating though at a slow rate. We intend to win the patients' confidence so that they can seek any surgical services from our hospital before they try elsewhere.

Godfrey Wambaa
Lusigetti Board Chair



Godfrey Wambaa
Chairman to the Board

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4. Report of The Medical Superintendent

Report of the Medical Superintendent

Lusigetti Sub County Hospital is in Kiambu County, Kikuyu Sub County, Nachu ward. It covers a total area of 96.3km². The hospital started as a dispensary back in the year 1956 with the out patient department only. It upgraded to a health centre in 1974 with Out Patient, Maternity, Laboratory and MCH departments only. Currently it is gazetted as a level four hospital in kikuyu sub-county to serve a population of 142,876 in the five administrative wards. The facility however is serving a catchment population of 4,652 households. The Government of Kenya and the County Government of Kiambu department of health services is determined to improve access to and equity of quality essential health care services and to ensure that the health sector plays its role in the realisation of Vision 2030, public service reforms and the Sustainable Development Goals. Lusigetti Sub County Hospital's health sector situation is such that the respiratory tract infections take up a huge proportion of the common health conditions affecting the population. The population is over five years of age, 1897 clients were diagnosed with a variety of these respiratory conditions in the past year and skin conditions coming a close second with 1197 clients diagnosed.

There has also been a worrying trend with the insurgence of Non-communicable diseases such as hypertension and diabetes with hypertension recording the highest number of 1957 known cases and diabetic cases second with 642 cases. The Health Management Team is in full realisation of the burden before it and are working to eliminate the communicable diseases as well as to halt and reverse the non-communicable disease trend by employing joint measures such as nutrition counselling, medical outreaches and in reaches and proper use of medicines and medicine products. The 2022/2023 Financial Year was significant in the hospital's calendar in many ways. It was during this period that the Hospital made unprecedented milestone achievements in the service delivery and reform continuity front despite the challenges of the Covid-19 Pandemic. On behalf of the hospital, I am pleased to share through this report, our experiences and how we surmounted the challenges thereof in the hope that the lessons learnt could provide valuable insights on navigating unforeseen crisis situations with minimal disruptions to service delivery. : Over the last year, Lusigetti Level 4 hospital has made remarkable strides. We were able to equip the theatre. The first caesarean section was however performed on 28th July 2022, Staff posted to Lusigetti that helped us achieve our there service delivery objective include a Gynaecologist an

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anaesthetist and theatre nurses. Our weekly outpatient workload has grown from an average of 500 patients per week. We are grateful to the general public for trusting in our facility to provide healthcare services to them and their kin.. The theatre is now fully equipped to conduct operations going forward. As a facility we have tried to reduce our expenditure by procuring a commercial printer which has an affordable toner but is able to print a bigger workload and help make copies. The prior situation was a change of tonner every 2 weeks due to the inability of the previous printer We have also managed to equip our laboratory with additional Haemoglobin machine, to facilitate turn-around time for Antenatal mothers, who mainly utilise the Linda mama program, to ensure they are promptly and adequately served as the Full Haematology machine is being utilised for other general patients. Through the support of the County Government, we have also received a Biochemistry Analyser and Electrolyte analyser which will ensure that our NCD clinic and Theatre are fully supported in terms of Kidney and Liver function tests again reducing strain on the patients due to affordability and quicker treatment measures taken. We also ensured that our facility can start collection of blood by procuring a designated fridge for that purpose. Due to the FIF fund, we have ensured that from February 2022, stock outs have been a thing of the past and also ensured sustainability with us still having the capacity to waive some costs to patients unable to raise funds. New isolation ward with has been constructed with support from county government of Kiambu

Challenges: Lusigetti does not have enough bed space in terms of bed capacity. We only offer maternity services due to limited space with a bed capacity of only 19 beds. This translates to only 10 beds reserved for Caesarean sections and 9 for normal deliveries. Though with the capability to conduct more surgeries if more space is provided.

Dr. Dennis Kinyanjui

Dr. Dennis Kinyanjui
Secretary to the Board

5. Statement of Performance Against Predetermined Objectives

Statement of Performance against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives. Lusigetti Sub County Hospital has 2 strategic pillars and objectives within the current Strategic Plan for the FY 22- FY 23. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Health financing

Pillar/theme/issue 2: Service Delivery

Lusigetti sub county hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Lusigetti sub county Hospital achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

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| Strategic Pillar/The me/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|--|---|--|--|
| Health Financing | Eliminate Communicable conditions Eliminate Non Communicable conditions | -Average cost per discharge -Average length of stay - Bed Turnover - | -Immunization -Child health -Screening for communicable conditions -Antenatal Care -Prevention of mother to child HIV transmission -Integrated Vector management -Good hygiene practices -HIV and STI prevention Control and prevention of neglected tropical diseases -Health promotion and education for NCD -Institutional Screening for NCD's -Workplace Health & Safety -Food quality & Safety -Health Promotion and education on violence / injuries -Pre hospital Care -OPD/Accident and Emergency Management for injuries | -Reduction in mortality and morbidity rates from 10% - Reduction in number HIV prevalence. -Reduction in the NCD complications |
| Service Delivery | Provide essential Medical services | -Average waiting time -Medical equipment utilization -Insurance claim processing time | - General Outpatient - Integrated MCH / Family Planning services - Accident and Emergency - Emergency life support - Maternity - Newborn services - Reproductive health - In Patient services - Clinical Laboratory - Specialized laboratory - Imaging - Pharmaceutical - Blood safety - Rehabilitation - Palliative care - Specialized clinics - Comprehensive youth friendly services - Operative surgical services Specialized Therapies | -Increase in the number of caesarean sections -Reduction of waiting times for patients. - Diversification of tests done at the laboratory. |

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The achievements are outlined as above are measured as part of performance of the staff for intense the staff would rate highly if the waiting time for a patient in his /her department reduces. Another example is a staff would rate highly if they increase the number of caesarean sections conducted. this data is derived from weekly workload report staff signed performance contracts that are tailored to the above specific objectives of the Lusigetti Hospital. They performance review is to be conducted twice a year mid-year review and end of year review.

8. Corporate Governance Statement

Appointment of Hospital Boards

9. (1) The Executive Member shall appoint a Board for a level four and above hospital, comprising of—(a) a chairperson who shall not be a staff of the County Government with a minimum of a diploma; (b) the hospital superintendent who shall be these criteria; 12 (c) four residents of the sub-county in which the hospital is located who have attained basic level education taking into account gender parity and special interest groups.
- (2) The Board may co-opt any person with relevant expertise necessary to assist the Board determine a matter before it.
- (3) A person shall not be appointed as a Chairperson of a Board unless that person—(a) is a Kenyan; (b) possesses at least a diploma from a institution recognized in Kenya; (c) has experience in management, leadership or administration; and (d) meets the requirements Chapter six of the Constitution.
- (4) The Members of the Board, other than the ex-officio Member, shall serve for a term of three years which term may be renewed once.
- (5) The Board shall—
- (a) provide oversight over the general administration of the hospital; (b) promote the development of the hospital; (c) recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital; (d) recommend to the Executive Member budget estimates; (e) establishing a hospital-community participation and feedback platform; (f) assessing the delivery of services at the hospital and advice the Executive Member; (g) monitoring the hospitals performance against set targets and advice the Executive Member; and (h) carrying out any other function that may assigned by the Executive Member.
- (6) The Executive Member may by Regulations prescribe the conduct of business of the Board.
- (7) The Executive Member may remove from office any member of the Board who—
- (a) has been absent for three consecutive meetings of the Board without the permission of the Chairperson; (b) is adjudged bankrupt; (c) is unable to discharge his or her duties due to physical or mental incapacity; (d) violates or is suspected of violating the provisions of Chapter six of the Constitution; or (e) is charged with a criminal offence in court of law

or a traffic offence attracting an imprisonment term of a minimum of six months.

Roles and Responsibilities of the Board

1. Responsible for ensuring that the hospital mission is clearly stated and that the hospitals operations and board priorities are driven by the hospitals mission.
2. Strategic planning -it is the responsibility of the board to ensure that the hospital operates within the framework of a long-term vision and goals.
3. The board has the ultimate responsibility for financial viability of the hospital.
4. All board members shall be the ambassadors and advocates of the hospital and can represent the hospital publicly on special occasions with the consent of the board.
5. The hospital Governing board shall oversee the overall financial activity of the hospital and make certain that appropriate internal controls are in place.
6. Monitor and strengthen service delivery.
7. Ensure legal and Ethical integrity.
8. Ensure human resource planning and development.
9. Ensure hospital compliance with environmental regulations.
10. Manage Risk.



Dr. Dennis Kinyanjui
Secretary to the Board

9. Management Discussion and Analysis

Clinical Performance

Lusigetti Sub county hospital continues to provide a wide range of healthcare services to , patients from Kikuyu and its environs. Services include, specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care, day care procedures for surgery, ophthalmology, dental. The hospital also provides clinical support services that include ,laboratory, pharmacy. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints.

Overall patient attendance

The average patient attendance for the year 2022/2023, was 27,222 outpatients and 72 in-patients.

Specialized clinics Attendance

Lusigetti runs 5 specialist clinics to review, treat and follow up on patients with issues that require the specialists' intervention. The clinics are run throughout the year with specific emphasis on patients' progress. Mopc, Gopc, Popc, Dopc, Dermatology and Eye

Inpatient Admissions

Lusigetti admits a minimal number of patients who require treatment. This is partly due to limited bed capacity we only have female ward But we are in the process of construction an 70 bed ward unit. A minimal number of the admissions are done from the specialized clinics. The high number of admissions in Obstetrics & Gynaecology (Obs & gynae) is attributed to the free maternity program, an initiative by the National Government to ensure safe delivery for mothers.

Average Length of Stay

The average length of stay (ALOS) is an indicator of efficiency in the provision of inpatient health care in the hospital. Generally, the average length of stay in the hospital has been falling (between 2020/2021 to 2022/2023)

- **Bed occupancy rate.**

In the year 2022/2023 the bed occupancy rate averaged 50 %. This was attributed to the specialized and quality healthcare services offered in the hospital that attracts clients from across the country and beyond.

Clinical effectiveness

Clinical effectiveness is the application of the best knowledge, derived from research, clinical experience and patient preferences to achieve optimum processes and outcomes of care for the patients. This involves deliberate actions and frameworks of informing changing and monitoring and evaluation of clinical practice. The hospital being a centre of excellence has ensured quality improvement and clinical effectiveness especially in the highly specialized areas like the Theatre.

Patient Safety

Lusigetti has embarked on all aspects of patient safety which is an integral component of health service delivery. The hospital is focused to reduce hospital acquired infections and medical errors, reduction of falls and occurrence of venous thrombosis

Antimicrobial stewardship

The hospital has antimicrobial stewardship committee which has published guidelines on use of antimicrobials in the hospital.

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Financial performance

Lusigetti Sub County Hospital generates revenues from two main sources which are; out of pocket (what patient pays for service) and insurance which is mainly NHIF.

The money generated by the hospital is ploughed back to the facility for continued provision of services to the patients. The funds are mainly utilised in payment of casual wages, purchase of drugs and non pharmaceuticals and general administration running costs.



.....
Dr. Dennis Kinyanjui

10. Environmental And Sustainability Reporting

Environmental And Sustainability Reporting

Lusigetti sub County 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

Sustainability prompts us to think in terms of the future and using global perspective, recognising the connections between economy, society and ecology. The concept carries the aim of improving quality of life for people and communities across the globe, whilst protecting the natural systems upon which life depends.

We support 17 Sustainable Development Goals adopted by UN Member States in Transforming our world: the 2030 Agenda for Sustainable Development. It reflects the commitment behind the Global Goals to make further advances on social progress, economic growth and environmental protection, balancing the three pillars of sustainable development. We have engaged in Community Dialogues to sensitise the community on the services we offer and any feedback that they provide is key to improving our services. Continuous ploughing of the Fif back into the facility has also been key in planning and sustaining the activities of the hospital

ii) Environmental performance

We have a burning chamber which we utilise in burning waste the ones that are put in the black yellow and red bags. We also have ash pits which we put the ash from the chamber due to lack of incinerator we don't burn sharps but take them to Thika Incinerator

iii) Employee welfare

Hiring is on basis of competitive and fair recruitment looking out for Gender balance and following all applicable laws of the land with regards to employment. Workers are provided with PPE and other protective materials to minimize exposure and injury at the Hospital. The hospital is OSHA(Occupational Safety and Health Act of 2007) compliant.

iv) Marketplace practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Procurement processes are done competitively and fairly offering opportunity to all people groups. Lusigetti Sub county hospital follows to the latter PFM and Public Procurement and Asset Disposal Act

b) Responsible Supply chain and supplier relations

Lusigetti Sub county hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices. Put in place guidelines to offer equal business opportunities.

c) Responsible marketing and advertisement

We maintain ethical marketing practices and a culture of Transparency. Protection of data, commitment to sustainability and human rights

d) Product stewardship

.Set laws and acts in safeguarding its consumers

Corporate Social Responsibility / Community Engagements

.Conduct community outreaches. Like medical camps in the surrounding Lusigetti area where we reach out to special groups like patients with special needs and PLWD.

11. Report of The Board of Management

Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the Lusigetti Hospital are

1. Responsible for ensuring that the hospital mission is clearly stated and that the hospital operations and board priorities are driven by the hospital's mission.
2. Strategic planning -it is the responsibility of the board to ensure that the hospital operates within the framework of a long-term vision and goals.
3. The board has the ultimate responsibility for the financial viability of the hospital.
4. All board members shall be the ambassadors and advocates of the hospital and can represent the hospital publicly on special occasions with the consent of the board.
5. The hospital Governing board shall oversee the overall financial activity of the hospital and make certain that appropriate internal controls are in place.
6. Monitor and strengthen service delivery.
7. Ensure legal and Ethical integrity.
8. Ensure human resource planning and development.
9. Ensure hospital compliance with environmental regulations.
10. Manage Risk.

Results

The results of the entity for the year ended 30 June 2023 are set out on page

Board Of Management

The members of the Board who served during the year are shown on page (vi)

Auditors

The Auditor General is responsible for the statutory audit of Lusigetti Sub County hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


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Dr Dennis Kinyanjui

12. Statement of Board of Management's Responsibilities

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

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

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completeness of the accounting records maintained for the *Lusigetti Sub County Hospital*, which have been relied upon in the preparation of the *Lusigetti Sub County Hospital* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the *Lusigetti Sub County 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 11/6/24 and signed on its behalf by:

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Name: Godfrey Wambaa
Chairperson
Board of Management

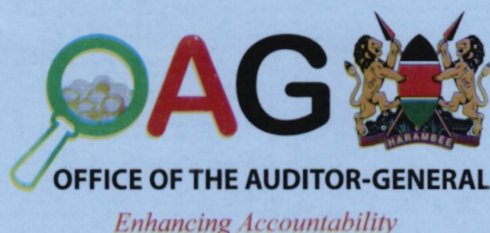
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Name: Dr. Dennis Kinyanjui
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LUSINGETTI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided 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 Lusingetti Level 4 Hospital - County Government of Kiambu set out on pages 1 to 52, which comprise of the

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lusingetti Level 4 Hospital - County Government of Kiambu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion.

1. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of Nil property, plant and equipment balance could not be confirmed

2. Variances in the Comparative Balances

The statement of financial position reflects receivables from exchange transaction comparative balance of Kshs.3,553,315. However, the prior year's audited financial statements reflect Nil balance resulting in unexplained variance of the same amount. Although Management has explained that this was a prior year adjustment, no supporting schedule for the receivables was provided.

Further, the statement of financial performance reflects revenue from rendering services prior year amount of Kshs.2,437,136 while the previous year's audited financial statements reflect Kshs.2,533,583 resulting in an unreconciled variance of Kshs.96,447.

In the circumstances, the accuracy and completeness of the comparative balances of Kshs.3,553,315 on receivables from exchange transactions and revenue from rendering of service.

3. Unsupported In-Kind Contributions

The statement of financial performance reflects in-kind contributions from the County Government amount of Kshs.72,910,556 relating to salaries for the hospital staff. However, the amount was not supported with detailed analysis of the beneficiaries.

In the circumstances, the accuracy and completeness of the in-kind contributions from the County Government of Kshs.72,910,556 could not be confirmed

4. Management of NHIF Claims

4.1. Variances in Revenue from Rendering Services

The statement of financial performance reflects Nil transfers from other Government entities. However, the National Health Insurance Fund records revealed an amount of Kshs.2,993,700 was paid to the hospital resulting to unreconciled variance of Kshs.2,993,700

In the circumstances, the accuracy and completeness of Nil transfers from other Government entities could not be confirmed.

4.2. Variances in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,409,050 as disclosed in Note 28 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF) whose records indicate a balance of Kshs.1,319,300 resulting to an unexplained variance of Kshs.2,089,750. Further, the amount has been outstanding for more than twelve (12) months while the contract between the Hospital and NHIF indicates the period to pay genuine claims is within 30 days of submission.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.3,409,050 could not be confirmed.

5. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a Nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.6,045,369 which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the Nil grants from donors and development partners could not be confirmed

6. Unconfirmed Inventory Balance

The statement of financial position reflects inventory balance of Kshs.1,156,783 as disclosed in Note 30 to the financial statements. However, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2023.

In the circumstances, the accuracy, completeness and valuation of the inventory balance of Kshs.1,156,783 could not be confirmed.

7. Inaccuracies in the Statement of Cash flows

The statement of cash flows reflects total payments of Kshs.5,527,462 and net increase of Kshs.505,021 in cash and cash equivalents. However recomputation of the total payments and net increase amounts to Kshs.5,590,462 and Kshs.1,212,531 resulting to unreconciled variances of Kshs.63,000 and Kshs.707,510 respectively.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Lack of Approved Budget

The statement of comparison of budget and actual amounts reflects total revenue and total expenditure budget of Kshs.6,802,993 and Kshs.5,240,069 respectively. However, the budget was not approved. This was contrary to Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that all revenue and expenditure shall be entered into the County Government budget estimates.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by seventy-seven (77) staff requirements or 76% of the authorized establishment.;

| | Required for Level 4 Hospital | Number at the Hospital | Variance |
|------------------------------------|-------------------------------|------------------------|-----------|
| Staffing Requirement | | | |
| Medical officers | 16 | 2 | 14 |
| Anesthesiologists | 2 | 1 | 1 |
| General surgeons | 2 | 0 | 2 |
| Gynecologists | 2 | 1 | 1 |
| Pediatricians | 2 | 0 | 2 |
| Radiologists | 2 | 0 | 2 |
| Registered community health nurses | 75 | 20 | 55 |
| Total | 101 | 24 | 77 |

In addition, the hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

| Services Offered | Required for Level 4 Hospital | Number at the Hospital | Variance |
|---|-------------------------------|------------------------|----------|
| Surgical Services | No | | |
| Pediatric Services | No | | |
| Radiology Services | No | | |
| Renal Services | No | | |
| Bed Capacity | 150 | 21 | 129 |
| Equipment & Machines | | | |
| Resuscitaire in Labour Ward | 2 | 1 | 1 |
| Functional ICU Beds | 6 | 0 | 6 |
| HDU Beds | 6 | 0 | 6 |
| Renal Unit with Dialysis Machines | 5 | 0 | 5 |
| Functional Operating Theatres Maternity and General | 2 | 1 | 1 |

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital will not be able to deliver on its mandate.

3. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services- medical services income of Kshs.2,905,026 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81 (1-3) of Public Finance and Management (County Government) Regulations 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

During the year under review, the Hospital did not have in place a risk management policy. This was contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each county government entity to develop risk management strategies and a system of risk management to enable the county to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In the circumstances, the effectiveness of risk management could not be confirmed.

2. Ineffective Internal Audit Function

The Hospital Management has not established an internal audit department and no evidence that internal audit reviews were carried out during the financial year were provided.

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

3. Expiry of Medical Supplies

The statement of financial position reflects inventories balance of Kshs.1,156,783 as disclosed in Note 30 to the financial statements which includes pharmaceutical supplies balance of Kshs.751,761. Review of store records records on pharmaceuticals and non-pharmaceuticals and physical verification revealed various drugs of undetermined value had expired. Further, there was no evidence of conducting the annual stock take to confirm the quantities, value and status of closing inventory balances as at 30 June, 2023.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical could not be confirmed.

4. Failure to Maintain Fixed Asset Register

The Hospital does not maintain fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the fund has ever evaluated its assets to ascertain the correct market values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed and Management was in breach of the regulations.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions 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 Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2024

14. Statement of Financial Performance for The Year Ended 30 June 2023

| Description | Note | 2022/2023 | Restated 2021/2022 |
|--|------|-------------------|-----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 3,897,967 | |
| In-kind contributions from the County Government | 7 | 72,910,556 | 72,910,556 |
| Grants from donors and development partners | 8 | 0 | 0 |
| Transfers from other Government entities | 9 | 0 | 0 |
| Public contributions and donations | 10 | 0 | 0 |
| | | 76,808,523 | 72,910,556 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 2,905,026 | 2,437,136 |
| Revenue from rent of facilities | 12 | 0 | 0 |
| Finance /Interest Income | 13 | 0 | 0 |
| Miscellaneous Income | 14 | 0 | 0 |
| Revenue from exchange transactions | | 2,905,026 | 2,437,136 |
| Total revenue | | 79,713,549 | 75,347,692 |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 3,331,533 | 1,283,340 |
| Employee costs | 16 | 73,909,884 | 73,445,604 |
| Board of Management Expenses | 17 | 26,500 | 0 |
| Depreciation and amortization expense | 18 | 0 | 0 |
| Repairs and maintenance | 19 | 440,528 | 272,142 |
| Grants and subsidies | 20 | 0 | 0 |
| General expenses | 21 | 792,299 | 1,004,338 |
| Finance costs | 22 | 0 | 0 |
| Total expenses | | 78,500,744 | 76,005,424 |
| Other gains/(losses) | | | |
| Gain/Loss on disposal of non-Current assets | 23 | 0 | 0 |

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| Description | Note | 2022/2023 | Restated |
|--|------|------------------|-------------------|
| | | Kshs | 2021/2022 Kshs |
| Unrealized gain on fair value of investments | 24 | 0 | 0 |
| Medical services contracts Gains/Losses | 25 | 0 | 0 |
| Impairment loss | 26 | 0 | 0 |
| Gain on foreign exchange transactions | | 0 | 0 |
| Total other gains/(losses) | | 0 | 0 |
| Net Surplus / (Deficit) for the year | | 1,212,805 | (660,270) |

The Hospital's financial statements were approved by the Board on 11/6/23 and signed on its behalf by:




Chairman

Board of Management



Head of Finance

ICPAK No: ICPAK No:
29567



Medical Superintendent

LUSINGETTI LEVEL 4 HOSPITAL (Kiambu County Government)
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15. Statement of Financial Position As At 30th June 2023

| Description | Note | 2022/2023 | Restated |
|---|------|------------------|--------------------|
| | | Kshs | 2021/2022 Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 505,021 | 748.9 |
| Receivables from exchange transactions | 28 | 3,409,050 | 3,553,315 |
| Receivables from non-exchange transactions | 29 | 0 | 0 |
| Inventories | 30 | 1,128,931 | 751,450 |
| Total Current Assets | | 5,043,002 | 4,305,513.9 |
| Non-current assets | | | |
| Property, plant, and equipment | 31 | 0 | 0 |
| Intangible assets | 32 | 0 | 0 |
| Investment property | 33 | 0 | 0 |
| Total Non-current Assets | | - | 0 |
| Total assets | | 5,043,002 | 4,305,513.9 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 34 | 4,518,319 | 3,838,196 |
| Refundable deposits from customers/Patients | 35 | 0 | 0 |
| Provisions | 36 | 0 | 0 |
| Finance lease obligation | 37 | 0 | 0 |
| Current portion of deferred income | 38 | 0 | 0 |
| Current portion of borrowings | 39 | 0 | 0 |
| Social Benefits | 41 | 0 | 0 |
| Total Current Liabilities | | 4,518,319 | 3,838,196 |
| Non-current liabilities | | | |
| Provisions | 36 | 0 | 0 |
| Non-Current Finance lease obligation | 37 | 0 | 0 |
| Non-Current portion of deferred income | 38 | 0 | 0 |
| Non - Current portion of borrowings | 39 | 0 | 0 |
| Service concession liability | 40 | 0 | 0 |
| Social Benefits | 41 | 0 | 0 |

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| Description | Note | 2022/2023 | Restated 2021/2022 |
|---|------|-----------|-----------------------|
| | | Kshs | Kshs |
| Total Non-current liabilities | | 0 | 3,838,196 |
| Total Liabilities | | 4,518,319 | 3,838,196 |
| Net assets | | | |
| Revaluation reserve | | 0 | 0 |
| Accumulated surplus/Deficit | | 552,535 | (660,270) |
| Capital Fund | | 0 | 0 |
| | | - | - |
| Total Net Assets and Liabilities | | 5,070,854 | 3,177,926 |

The Hospital's financial statements were approved by the Board on 11/6/2024 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 29567



Medical Superintendent

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16. Statement of Changes in Net Asset for The Year Ended 30 June 2023.

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--|---------------------|-----------------------------|--------------|------------------|
| As at July 1, 2022 (previous year) | 0 | 0 | 0 | 0 |
| Revaluation gain | 0 | - | - | 0 |
| Surplus/(deficit) for the year | - | 0 | - | 0 |
| Capital/Development grants | - | - | 0 | 0 |
| As at June 30, 2023 (previous year) | 0 | 0 | 0 | 0 |
| | | | | |
| At July 1, 2022 (current year) | 0 | (660,270) | 0 | (660,270) |
| Revaluation gain | 0 | - | - | 0 |
| Surplus/(deficit) for the year | - | 1,212,805 | - | 1,212,805 |
| Capital/Development grants | - | - | 0 | 0 |
| At June 30, 2023 (current year) | 0 | 552,535 | 0 | 552,535 |

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17. Statement of Cash Flows for The Year Ended 30 June 2023.

| Description | Note | Restated 2022/2023 | 2021/2022 |
|--|------|-----------------------|--------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | 3,897,967 | 0 |
| Grants from donors and development partners | | 0 | 0 |
| Transfers from other Government entities | | 0 | 0 |
| Public contributions and donations | | 0 | 0 |
| Rendering of services- Medical Service Income | | 2,905,026 | 1,449,918.4 |
| Revenue from rent of facilities | | 0 | 0 |
| Finance / interest income | | 0 | 0 |
| Miscellaneous receipts(<i>specify</i>) | | 0 | 0 |
| Total Receipts | | 6,802,993 | 1,449,918.4 |
| Payments | | | |
| Medical/Clinical costs | | 3,331,533 | 807,903 |
| Employee costs | | 999,672 | 535,048 |
| Board of Management Expenses | | 26,500 | 0 |
| Repairs and maintenance | | 440,528 | 177,740 |
| Grants and subsidies | | 0 | 0 |
| General expenses | | 792,229 | 377,762 |
| Finance costs | | 0 | 2,538 |
| Refunds paid out | | 0 | 0 |
| Total Payments | | 5,527,462 | 1,900,991 |
| Net cash flows from operating activities | 42 | - | - |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment & intangible assets | | (0) | (0) |
| Proceeds from the sale of property, plant, and equipment | | 0 | 0 |
| Acquisition of investments | | (0) | (0) |
| Net cash flows used in investing activities | | (0) | (0) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 0 | 0 |
| Repayment of borrowings | | (0) | (0) |
| Capital grants received | | 0 | 0 |

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| Description | Note | Restated 2022/2023 Kshs | 2021/2022 Kshs |
|---|------|-------------------------------|-------------------|
| Net cash flows used in financing activities | | (0) | (0) |
| Net increase/(decrease) in cash and cash equivalents | | 505,021 | (0) |
| Cash and cash equivalents as at 1 July | 27 | 749 | 451,820.5 |
| Cash and cash equivalents as at 30 June | 27 | 505,770 | 748.90 |

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023.

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|------------------|-------------|------------------|----------------------------|------------------------|------------------|
| | A | B | c=(a+b) | D | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Revenue | | | | | | |
| Transfers from the County Government | 3,897,967 | 0 | 3,897,967 | 3,897,967 | 0 | 100% |
| Grants from donors and development partners | 0 | 0 | 0 | 0 | 0 | 100% |
| Transfers from other Government entities | 0 | 0 | 0 | 0 | 0 | 0% |
| Public contributions and donations | 0 | 0 | 0 | 0 | 0 | % |
| Rendering of services- Medical Service Income | 2,905,026 | 0 | 2,905,026 | 2,905,026 | 0 | 100% |
| Revenue from rent of facilities | 0 | 0 | 0 | 0 | 0 | 0% |
| Finance / interest income | 0 | 0 | 0 | 0 | 0 | 0% |
| Miscellaneous receipts (<i>specify</i>) | 0 | 0 | 0 | 0 | 0 | 0% |
| Total income | 6,802,993 | 0 | 6,802,993 | 6,802,993 | 0 | 100% |
| Expenses | | 0 | | | | |
| Medical/Clinical costs | 3,331,533 | 0 | 2,981,484 | 2,981,484 | - | 100% |
| Employee costs | 999,328 | 0 | 999,328 | 999,328 | - | 100% |
| Remuneration of directors | 26,500 | 0 | 26,500 | 26,500 | - | 100% |
| Repairs and maintenance | 440,528 | 0 | 440,528 | 440,528 | - | 100% |
| Grants and subsidies | 0 | 0 | 0 | 0 | - | 0% |
| General expenses | 792,229 | 0 | 792,229 | 792,229 | - | 100% |
| Finance costs | 0 | 0 | 0 | 0 | 0 | 0% |
| Refunds | 0 | 0 | 0 | 0 | 0 | 0% |
| Surplus for the period | 1,212,805 | 0 | 1,212,805 | 1,212,805 | 0 | 100% |
| Capital expenditure | 0 | 0 | 0 | 0 | 0 | 100% |

N.B . The transfers from the county government also include medical income and the balance of 487,269 is as a result of unrepresented cheques.

19. Notes to the Financial Statements

1. General Information

Lusigetti sub county hospital entity is established by and derives its authority and accountability from Kiambu county 2019 Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity's principal activity is 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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Lusigetti 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.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

| Standard | Effective date and impact |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> |

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| Standard | Effective date and impact |
|---|---|
| | <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> ● <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> ● <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |

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Annual Report and Financial Statements for The Year Ended 30th June 2023

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

| Standard | Effective date and impact |
|---|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <i>i.</i> 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: <i>ii.</i> 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. |

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

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Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by the Board on **28/08/2023**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Lusigetti sub county hospital* recorded additional appropriations of 0 on the FY 2022/2023 budget following the Board's approval. The *lusigetti sub county* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. 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 xxx under section xxx 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.

o *Notes to the Financial Statements (Continued)*

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 0 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

o **e. Property, plant and equipment**

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

f. Leases

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

liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g. Intangible assets

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

h. Research and development costs

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

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

- The ability to measure reliably the expenditure during development.

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

i. Financial instruments

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

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

Financial assets

Classification of financial assets

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

outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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.

- o 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

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cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

k. Provisions

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

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

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

l. Social Benefits

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

m. Contingent liabilities

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

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n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. Lusigetti sub county hospital does not have any reserves.

p. Changes in accounting policies and estimates

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

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa.

Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future

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developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.(IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

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

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6. Transfers from the County Government

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 0 | 0 |
| Level 5 grants | 0 | 0 |
| Unconditional development grants | 0 | 0 |
| Other grants | 0 | 0 |
| | | |
| Conditional grants | | |
| User fee forgone | 0 | 0 |
| Transforming health services for Universal care project (THUCP) | 0 | 0 |
| DANIDA | 0 | 0 |
| Wards Development grant | 0 | 0 |
| Paediatric block grant | 0 | 0 |
| Administration block grant | 0 | 0 |
| Laboratory grant | 0 | 0 |
| Total government grants and subsidies | 0 | 0 |

6 b Transfers from The County Government

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance* | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|--------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|--------------------|
| | KShs | KShs | KShs | KShs | KShs |
| Kiambu County Government | 3,897,967 | - | - | - | - |
| Total | 3,897,967 | - | - | - | - |

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7. In Kind Contributions from The County Government

| Description | 2022/2023 | 2021/2022 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Salaries and wages | 72,910,556 | 72,910,556 |
| Medical supplies-Drawings Rights (KEMSA) | 0 | 0 |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | 0 | 0 |
| Utility bills | 0 | 0 |
| Total grants in kind | 72,910,556 | 72,910,556 |

8. Grants From Donors and Development Partners

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Cancer Centre grant- DANIDA | 0 | 0 |
| World Bank grants | 0 | 0 |
| Paediatric ward grant- JICA | 0 | 0 |
| Research grants | 0 | 0 |
| Other grants (<i>specify</i>) | 0 | 0 |
| Total grants from development partners | 0 | 0 |

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

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

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9. Transfers From Other Government Entities

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | 0 | 0 |
| Transfer from xxx National Hospital | 0 | 0 |
| Transfer from xxx Institute | 0 | 0 |
| Total Transfers | 0 | 0 |

10. Public Contributions and Donations

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Public donations | 0 | 0 |
| Donations from local leadership | 0 | 0 |
| Donations from religious institutions | 0 | 0 |
| Donations from other international organisations and individuals | 0 | 0 |
| Other donations(<i>specify</i>) | 0 | 0 |
| Donations in kind-amortised | 0 | 0 |
| Total donations and sponsorships | 0 | 0 |

10 (a) Reconciliations of amortised grants

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Balance unspent at beginning of year | 0 | 0 |
| Current year receipts | 0 | 0 |
| Amortised and transferred to revenue | 0 | 0 |
| Conditions to be met – remain liabilities | 0 | 0 |

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11. Rendering of Services-Medical Service Income

| Description | 2022/2023 | 2021/2022 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Pharmaceuticals | 1,624,173 | 1,000,000 |
| Non-Pharmaceuticals | 0 | 363,583 |
| Laboratory | 1,219,653 | 1,000,000 |
| Radiology | 0 | 0 |
| Orthopedic and Trauma Technology | 0 | 0 |
| Theatre | 0 | 0 |
| Accident and Emergency Service | 0 | 0 |
| Anesthesia Service | 0 | 0 |
| Ear Nose and Throat service | 0 | 0 |
| Nutrition service | 0 | 0 |
| Cancer centre service | 0 | 0 |
| Dental services | 61,200 | 73,553 |
| Reproductive health | 0 | 0 |
| Paediatrics services | 0 | 0 |
| Farewell home services | 0 | 0 |
| Other medical services income (<i>specify</i>) | 0 | 0 |
| Total revenue from the rendering of services | 2,905,026 | 2,437,136 |

12. Revenue From Rent of Facilities

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Residential property | 0 | 0 |
| Commercial property | 0 | 0 |
| Total Revenue from rent of facilities | 0 | 0 |

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13. Finance /Interest Income

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Cash investments and fixed deposits | 0 | 0 |
| Interest income from short- term/ current deposits | 0 | 0 |
| Interest income from Treasury Bills | 0 | 0 |
| Interest income from Treasury Bonds | 0 | 0 |
| Interest from outstanding debtors | 0 | 0 |
| Total finance income | 0 | 0 |

14. Miscellaneous Income

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Insurance recoveries | 0 | 0 |
| Income from sale of tender | 0 | 0 |
| Services concession income | 0 | 0 |
| Sale of goods (water, publications, containers etc) | 0 | 0 |
| Write backs (Deposits, payments in advance etc) | 0 | 0 |
| Bad debts recovered | 0 | 0 |
| <i>Others (Specify)</i> | 0 | 0 |
| Total Miscellaneous income | 0 | 0 |

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15. Medical/ Clinical Costs

| Description | 2022/2023 | 2021/2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Dental costs/ materials | 75,193 | 0 |
| Laboratory chemicals and reagents | 471,863 | 0 |
| Public health activities | 0 | 0 |
| Food and Ration | 562,635 | 293,440 |
| Uniform, clothing, and linen | 0 | 0 |
| Dressing and Non-Pharmaceuticals | 989,061 | 989,900 |
| Pharmaceutical supplies | 1,170,421 | 0 |
| Health information stationery | 0 | 0 |
| Reproductive health materials | 0 | 0 |
| Sanitary and cleansing Materials | 0 | 0 |
| Purchase of Medical gases | 62,360 | 0 |
| X-Ray/Radiology supplies | 0 | 0 |
| Other medical related clinical costs (<i>service of theatre machine</i>) | 0 | 0 |
| Total medical/ clinical costs | 3,331,533 | 1,283,340 |

16. Employee Costs

| Description | 2022/2023 | 2021/2022 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 933,478 | 499,048 |
| Contributions to pension schemes | 19,600 | 12,000 |
| Service gratuity | 0 | 0 |
| Performance and other bonuses | 0 | 0 |
| Staff medical expenses and Insurance cover | 46,250 | 24,000 |
| Group personal accident insurance and WIBA | 0 | 0 |
| Social contribution | 0 | 0 |
| Other employee costs (<i>in kind contribution</i>) | 72,910,556 | 72,910,556 |
| Employee costs | 73,909,884 | 73,445,604 |

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17. Board of Management Expenses

| Description | 2022/2023 | 2021/2022 |
|------------------------------------|---------------|-----------|
| | Kshs | Kshs |
| Chairman's Honoraria | 0 | 0 |
| Sitting allowance | 14,000 | 0 |
| Mileage | 10,000 | 0 |
| Insurance expenses | 0 | 0 |
| Induction and training | 0 | 0 |
| Travel and accommodation allowance | 2,500 | 0 |
| Airtime allowances | 0 | 0 |
| Total | 26,500 | 0 |

18. Depreciation and Amortization Expense

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Property, plant and equipment | 0 | 0 |
| Intangible assets | 0 | 0 |
| Investment property carried at cost | 0 | 0 |
| Total depreciation and amortization | 0 | 0 |

19. Repairs And Maintenance

| Description | 2022/2023 | 2021/2022 |
|--------------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Property- Buildings | 18,075 | 0 |
| Medical equipment | 252,880 | 0 |
| Office equipment | 0 | 0 |
| Furniture and fittings | 0 | 0 |
| Computers and accessories | 3,000 | 0 |
| Motor vehicle expenses | 166,573 | 272,142 |
| Maintenance of civil works | 0 | 0 |
| Total repairs and maintenance | 440,528 | 272,142 |

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20. Grants And Subsidies

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Community development and social work | 0 | 0 |
| Education initiatives and programs | 0 | 0 |
| Free/ subsidised medical camp | 0 | 0 |
| Disability programs | 0 | 0 |
| Free cancer screening | 0 | 0 |
| Social benefit expenses | 0 | 0 |
| Other grants and subsidies(<i>specify</i>) | 0 | 0 |
| Total grants and subsidies | 0 | 0 |

Note: this expenses paid by the county government on staff cost for contra entry with transfer in kind.

21. General Expenses.

| Description | 2022/2023 | 2021/2022 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Advertising and publicity expenses | 0 | 0 |
| Catering expenses | 0 | 0 |
| Waste management expenses | 0 | 0 |
| Insecticides and rodenticides | 0 | 0 |
| Audit fees | 0 | 0 |
| Bank charges | 2,262 | 2,538 |
| Conferences and delegations | 0 | 0 |
| Consultancy fees | 0 | 0 |
| Contracted services | 296,500 | 30,000 |
| Electricity expenses | 0 | 0 |
| Fuel and Lubricants | 127,092 | 0 |
| Insurance | 0 | 0 |
| Research and development expenses | 0 | 0 |
| Travel and accommodation allowance | 0 | 0 |
| Legal expenses | 0 | 0 |
| Licenses and permits | 0 | 0 |
| Courier and postal services | 0 | 0 |
| Printing and stationery | 177,060 | 971,800 |
| Hire charges | 0 | 0 |
| Rent expenses | 0 | 0 |

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| Description | 2022/2023 | 2021/2022 |
|--|----------------|------------------|
| | Kshs | Kshs |
| Water and sewerage costs | 179,385 | 0 |
| Skills development levies | 0 | 0 |
| Telephone and mobile phone services | 10,000 | 0 |
| Internet expenses | 0 | 0 |
| Staff training and development | 0 | 0 |
| Subscriptions to professional bodies | 0 | 0 |
| Subscriptions to newspapers periodical, magazines, and gazette notices | 0 | 0 |
| Library books/Materials | 0 | 0 |
| Parking charges | 0 | 0 |
| Total General Expenses | 792,299 | 1,004,338 |

22. Finance Costs

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Borrowings (amortized cost) * | 0 | 0 |
| Finance leases (amortized cost) | 0 | 0 |
| Interest on Bank overdrafts/Guarantees | 0 | 0 |
| Interest on loans from commercial banks | 0 | 0 |
| Total finance costs | 0 | 0 |

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

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Property, plant, and equipment | 0 | 0 |
| Intangible assets | 0 | 0 |
| Other assets not capitalised (<i>specify</i>) | 0 | 0 |
| Total gain on sale of assets | 0 | 0 |

24. Unrealized Gain On Fair Value Investments

| Description | 2022/2023 | 2021/2022 |
|---------------------------|-----------|-----------|
| | KShs | KShs |
| Investments at fair value | 0 | 0 |
| Total gain | 0 | 0 |

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25. Medical Services Contracts Gains /Losses

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF | 0 | 0 |
| Non- Comprehensive contracts care with NHIF | 0 | 0 |
| Linda Mama Program | 0 | 0 |
| Waivers and Exemptions | 0 | 0 |
| Total Gain/Loss | 0 | 0 |

26. Impairment Loss

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant, and equipment | 0 | 0 |
| Intangible assets | 0 | 0 |
| Total impairment loss | 0 | 0 |

27. Cash And Cash Equivalent

| Description | 2022/2023 | 2021/2022 |
|--|----------------|---------------|
| | KShs | KShs |
| Current accounts | 505,021 | 748.90 |
| On - call deposits | 0 | 0 |
| Fixed deposits accounts | 0 | 0 |
| Cash in hand | 0 | 0 |
| Others(<i>specify</i>)- Mobile money | 0 | 0 |
| Total cash and cash equivalents | 505,021 | 748.90 |

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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Notes to the Financial Statements (Continued)

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

| Description | | 2022/2023 | 2021/2022 |
|-----------------------------------|----------------|----------------|---------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | | 505,021. | 748.90 |
| Kenya Commercial bank | | - | 0 |
| | | | |
| Sub- total | | 505,021 | 748.90 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | 0 | 0 |
| | | | |
| Equity Bank – etc | | 0 | 0 |
| Sub- total | | 0 | 0 |
| c) Fixed deposits account | | | |
| Bank Name | | 0 | 0 |
| | | | |
| Sub- total | | 0 | 0 |
| d) Others(specify) | | | |
| cash in hand | | 0 | 0 |
| Mobile money- Mpesa, Airtel money | | 0 | 0 |
| | | | |
| Sub- total | | 0 | 748.90 |
| Grand total | | 505,021 | 748.90 |

28. Receivables From Exchange Transactions

| Description | 2022/2023 | 2021/2022 |
|------------------------------|------------------|------------------|
| | KShs | KShs |
| Medical services receivables | 3,409,050 | 3,553,315 |
| Rent receivables | 0 | 0 |
| Other exchange debtors | 0 | 0 |
| Less: impairment allowance | 0 | 0 |
| Total receivables | 3,409,050 | 3,553,315 |

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Analysis of Receivables From Exchange Transactions

| Description | 2022/2023 | | 2021/2022 | |
|--------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 0 | 0 | 0 | 0 |
| Between 1- 2 years | 0 | 0 | 0 | 0 |
| Between 2-3 years | 0 | 0 | 0 | 0 |
| Over 3 years | 0 | 0 | 0 | 0 |
| Total (a+b) | 0 | 0 | 0 | 0 |

29. Receivables From Non-Exchange Transactions

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfers from the County Government | 0 | 0 |
| Undisbursed donor funds | 0 | 0 |
| Other debtors (<i>non-exchange transactions</i>) | 0 | 0 |
| Less: impairment allowance | 0 | 0 |
| Total | 0 | 0 |

Analysis of Receivables From Non-Exchange Transactions

| Description | 2022/2023 | | 2021/2022 | |
|--------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 0 | % | 0 | % |
| Between 1- 2 years | 0 | % | 0 | % |
| Between 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total (a+b) | 0 | % | 0 | % |

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30. Inventories

| Description | 2022/2023 | 2021/2022 |
|--|------------------|----------------|
| | KShs | KShs |
| Pharmaceutical supplies | 751,761 | 684,680 |
| Maintenance supplies | 0 | 0 |
| Food supplies | 202,932 | 53,270 |
| Linen and clothing supplies | 0 | 0 |
| Cleaning materials supplies | 0 | 0 |
| General supplies | 202,090 | 13,500 |
| Less: provision for impairment of stocks | 0 | (0) |
| Total | 1,156,783 | 751,450 |

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31. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical Equipment | Capital Work in progress | Total |
|------------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|-------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Cost | | | | | | | | |
| At 1 July 2022 (previous year) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers/adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th Jun 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 1 July 2022 (current year) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th Jun 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation and impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 1 July 2022 (previous year) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30 June 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At July 2023 (current year) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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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 |
|---|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|-------|
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net book values | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30 th Jun 2022 (previous) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30 th Jun 2023 (current) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NB. THERE IS LAND, BUILDINGS, FURNITURE, FITTINGS & OFFICE EQUIPMENTS, AMBULANCE, DESKTOPS, PLANT AND MEDICAL EQUIPMENTS BUT VALUATIONS HAVE NOT BEEN DONE BY THE COUNTY GOVERNMENT.

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32. Intangible Assets-Software

| Description | 2022/2023 | 2021/2022 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | 0 | 0 |
| Additions | 0 | 0 |
| Additions-Internal development | 0 | 0 |
| Disposal | 0 | 0 |
| At end of the year | 0 | 0 |
| | 0 | 0 |
| Amortization and impairment | 0 | 0 |
| At beginning of the year | 0 | 0 |
| Amortization for the period | 0 | 0 |
| Impairment loss | 0 | 0 |
| At end of the year | 0 | 0 |
| NBV | 0 | 0 |

33. Investment Property

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| At beginning of the year | 0 | 0 |
| Additions | 0 | 0 |
| Disposals during the year | 0 | 0 |
| Fair value gain | 0 | 0 |
| Depreciation (<i>where investment property is at cost</i>) | 0 | 0 |
| Impairment | 0 | 0 |
| At end of the year | 0 | 0 |

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34. Trade and other Payables

| Description | 2022/2023 | | 2021/2022 | |
|---|------------------|-----------------------|------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables | 4,495,909 | | 3,466,462 | |
| Employee dues | 0 | | 371,734 | |
| Third-party payments (e.g. unremitted payroll deductions) | 0 | | 0 | |
| Audit fee | 0 | | 0 | |
| Doctors' fee | 0 | | 0 | |
| Total trade and other payables | 4,495,909 | | 3,838,196 | |
| Ageing analysis: | 2022/2023 | % of the Total | 2021/2022 | % of the total |
| Under one year | 0 | % | 0 | % |
| 1-2 years | 0 | % | 0 | % |
| 2-3 years | 0 | % | 0 | % |
| Over 3 years | 0 | % | 0 | % |
| Total | 0 | % | 0 | % |

35. Refundable Deposits from Customers/Patients

| Description | 2022/2023 | | 2021/2022 | |
|------------------------------|------------------|-----------------------|------------------|-----------------------|
| | KShs | | KShs | |
| Medical fees paid in advance | 0 | | 0 | |
| Credit facility deposit | 0 | | 0 | |
| Rent deposits | 0 | | 0 | |
| Others (specify) | 0 | | 0 | |
| Total deposits | 0 | | 0 | |
| Ageing analysis: | 2022/2023 | % of the Total | 2021/2022 | % of the Total |
| Under one year | 1. 0 | 2. 0 | 3. 0 | 4. 0 |
| 1-2 years | 1. 0 | 2. 0 | 3. 0 | 4. 0 |
| 2-3 years | 1. 0 | 2. 0 | 3. 0 | 4. 0 |
| Over 3 years | 1. 0 | 2. 0 | 3. 0 | 4. 0 |
| Total | 1. 0 | 2. 0 | 3. 0 | 4. 0 |

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36. Provisions

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

37. Finance Lease Obligation

| Description | 2022/2023 | 2021/2022 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Current Lease obligation | 0 | 0 |
| Long term lease obligation | 0 | 0 |
| Total | 0 | 0 |

38. Deferred Income

| Description | 2022/2023 | 2021/2022 |
|---------------------|-----------|-----------|
| | KShs | KShs |
| Current Portion | 0 | 0 |
| Non-Current Portion | 0 | 0 |
| Total | 0 | 0 |

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

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

39. Borrowings

| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | KShs | KShs |
| Balance at beginning of the period | 0 | 0 |
| External borrowings during the year | 0 | 0 |
| Domestic borrowings during the year | 0 | 0 |
| Repayments of external borrowings during the year | 0 | 0 |
| Repayments of domestic borrowings during the year | 0 | 0 |
| Balance at end of the period | 0 | 0 |

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

| Description | 2022/2023 | 2021/2022 |
|------------------------|-----------|-----------|
| | KShs | KShs |
| Current Obligation | 0 | 0 |
| Non-Current Obligation | 0 | 0 |
| Total | 0 | 0 |

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40. Service Concession Arrangements

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | 0 | 0 |
| Accumulated depreciation to date | 0 | 0 |
| Net carrying amount | 0 | 0 |
| Service concession liability at beginning of the year | 0 | 0 |
| Service concession revenue recognized | 0 | 0 |
| Service concession liability at end of the year | 0 | 0 |

41. Social Benefit Liabilities

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Health social benefit scheme | 0 | 0 |
| Unemployment social benefit scheme | 0 | 0 |
| Orphaned and vulnerable benefit scheme | 0 | 0 |
| People Living with Disabilities benefit Scheme | 0 | 0 |
| Elderly social benefit scheme | 0 | 0 |
| Bursary social benefits | 0 | 0 |
| Total | 0 | 0 |
| Current social benefits | 0 | 0 |
| Non-current social benefits | 0 | 0 |
| Total (tie to totals above) | 0 | 0 |

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42. Cash Generated from Operations

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Surplus for the year before tax | 0 | 0 |
| Adjusted for: | | |
| Depreciation | 0 | 0 |
| Non-cash grants received | 0 | 0 |
| Impairment | 0 | 0 |
| Gains and losses on disposal of assets | 0 | 0 |
| Contribution to provisions | 0 | 0 |
| Contribution to impairment allowance | 0 | 0 |
| Working Capital adjustments | | |
| Increase in inventory | 0 | 0 |
| Increase in receivables | 0 | 0 |
| Increase in deferred income | 0 | 0 |
| Increase in payables | 0 | 0 |
| Increase in payments received in advance | 0 | 0 |
| Net cash flow from operating activities | 0 | 0 |

43. Financial Risk Management

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

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

(i) Credit risk

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

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| Description | Total amount Kshs | Fully performing | Past due | Impaired |
|---|----------------------|------------------|----------|----------|
| | | Kshs | Kshs | Kshs |
| At 30 June 2022(previous year) | | | | |
| Receivables from exchange transactions | 0 | 0 | 0 | 0 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2023 (current year) | 0 | 0 | 0 | 0 |
| Receivables from exchange transactions | 0 | 0 | 0 | 0 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from July 2022. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | | |
| Trade payables | 0 | 0 | 0 | 0 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2023 | 0 | 0 | 0 | 0 |
| Trade payables | 0 | 0 | 0 | 0 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

(iii) Market risk

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

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

a) Foreign currency risk

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

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| Description | KShs | Other currencies | Total |
|---|------|------------------|-------|
| | Kshs | | Kshs |
| At 30 June 2022 | | | |
| Financial assets (investments, cash, debtors) | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net foreign currency asset/(liability) | 0 | 0 | 0 |

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

| Description | KShs | Other currencies | Total |
|---|------|------------------|-------|
| | Kshs | | Kshs |
| At 30 June 2023 | | | |
| Financial assets (investments, cash, debtors) | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net foreign currency asset/(liability) | 0 | 0 | 0 |

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-----------------------------|-------------------------|-----------------------------|------------------|
| | Kshs | Kshs | Kshs |
| 2022 (previous year) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| 2023 (current year) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

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b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs -(2022: KShs -). A rate increase/decrease of 5%0 would result in a decrease/increase in surplus of KShs - (2023 – KShs -).0

Iv Capital Risk Management

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

| Description | Current Period | Comparative Period |
|--|----------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | 0 | 0 |
| Retained earnings | 0 | 0 |
| Capital reserve | 0 | 0 |
| Total funds | 0 | 0 |
| | 0 | 0 |
| Total borrowings | 0 | 0 |
| Less: cash and bank balances | 0 | 0 |
| Net debt/ (excess cash and cash equivalents) | 0 | 0 |
| Gearing | 0 | 0 |

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44. Related Party Balances

Nature of related party relationships

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

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

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

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Services offered to related parties | | |
| Services to lusigetti level 4 hospital | 0 | 0 |
| Sales of services to lusigetti level 4 hospital | 0 | 0 |
| Total | 0 | 0 |
| b) Grants from the Government | | |
| Grants from County Government | 0 | 0 |
| Grants from the National Government Entities | 0 | 0 |
| Donations in kind | 0 | 0 |
| Total | 0 | 0 |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for xxx employees | 0 | 0 |
| Payments for goods and services for xxx | 0 | 0 |

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| Description | 2022/2023 | 2021/2022 |
|---------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Total | 0 | 0 |
| d) Key management compensation | | |
| Directors' emoluments | 0 | 0 |
| Compensation to the medical Sup | 0 | 0 |
| Compensation to key management | 0 | 0 |
| | 0 | 0 |
| Total | 0 | 0 |

45. Segment Information

46. Contingent Liabilities

| Contingent liabilities | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Court case Lusigetti against the company | 0 | 0 |
| Bank guarantees in favour of subsidiary | 0 | 0 |
| Total | 0 | 0 |

47. Capital Commitments

| Capital Commitments | 2022/2023 | 2021/2022 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Authorised For | 0 | 0 |
| Authorised And Contracted For | 0 | 0 |
| Total | 0 | 0 |

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

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50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

This is the second year of reporting and the auditors haven't released the report on or before the end of the year.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---------------------|-----------------------------------|--|
| Inaccuracies in F.S | Errors & inaccuracies | corrected | Resolved. | |
| Variances in f.s | Omission of supporting schedules | corrected | Resolved. | |
| cash & cash equivalents | Not supported | supported | resolved | |
| | | | | |

Guidance Notes:

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

.....
Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

[Insert your Letterhead]

[lusigetti sub county hospital]
[P.O BOX 2000-902]

The [SAGA] wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2023 | | | | | | | |
|--|----------------|---|-----------------|-----------------------|--------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by [FIF Fund] (KShs) as at 30th June 2023 | | | | Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | 6/8/2022 | 537,612.8 | - | - | 537,612.8 | 537,612.8 | |
| | 26/10/2022 | 518,410.4 | - | - | 518,410.4 | 518,410.4 | |
| | 21/11/2022 | 480,600 | - | - | 480,600 | 480,600 | |
| | 5/1/2023 | 785430.4 | - | - | 785430.4 | 785430.4 | |
| | 20/3/2023 | 1,575,915.2 | - | - | 1,575,915.2 | 1,575,915.2 | |
| Total | | <u>3,897,968.8</u> | - | - | <u>3,897,968.8</u> | 3,897,968.8 | |

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

Head of Accounts Department of the beneficiary entity:

Name Anne Njuguna Sign [Signature] Date 11/6/24

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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