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REPORT

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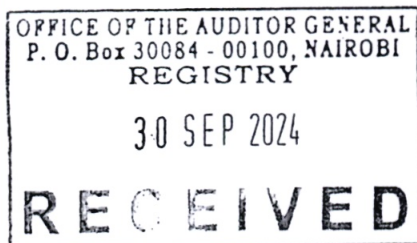
ON

LARI LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KIAMBU

Revised 30th June 2024



LARI Level 4 HOSPITAL (Kiambu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
SCCO	sub county clinical officer
SCPHO	sub county public health officer
SCPHN	sub county public health Nurse
SCMLT	Sub county medical lab technology
HAO	health administrative officer
NCD	non communicable diseases
MOPC	medical out patient clinic
GOPC	Gynaecological out patient clinic
CCC	Comprehensive care clinic
HTS	hiv testing services
HRIO	Health records information officer

2. Key Entity Information and Management

(a) Background information

Lari level 4 Hospital is a level (4) hospital established under gazette notice number 13618 and is domiciled in Kiambu County under the Health Department.

The hospital is governed by a Board of Management

(b) Principal Activities

The principal activity of Lari level 4 Hospital is to provide quality, timely and effective health care services to the residents of Lari sub-county

Mission: To offer patients best care in an environment of trust and professionalism.

Vision: Quality Service provision while raising the standards

Core function

- Policy formulation and implementation
- Preventive and promotive health services
- Curative and rehabilitative health services
- Standards and Regulations
- Monitoring and Evaluation of provision of Health care services

(c) Key Management

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

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

(d) Fiduciary Management

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

No	Designation	Name
1.	Medical Superintendent	Dr. Joseph muriithi kathare
2.	Head of finance	Rahab Njeri Njuguna
3.	Head of supply chain	Evans kabaka muiruri
4.	Nursing service manager	James mbugua mukuruma
5.	Sub-county medical lab technologist	Loise Wangui Gikonyo
6.	Sub-county clinical officer	Moses kiprotich
7.	Sub-county Nutritionist	Milka Waceke
8.	Sub-county public health officer	James yatich
9.	Sub-county disease surveillance	Moses Thuo
10.	Public health nurse	John Irari
11.	Facility pharmacist	Dr. Samuael maina
12.	Health Promotions Officer	Lucy Kahari
13.	Health Records Officer	Peter Gatu
14.	Obsy /Gyne consultant	Dr. priscilla Wanjohi
15.	Non communicable diseases clinic	Dr. Koome Daniel
16.	Coho(dental)	Victoria Nthenya
17.	Paediatrician consultant	Dr Edith .kagunda
18.	Health administrative officer	Naomi Ndungu

(e) Fiduciary Oversight Arrangements

- Mortality audit committee

This committee investigates on any death during deliveries in the facility or in any other facility both private and public within the sub-county. The committee is chaired by sub county medical officer and the Secretary is Sub county public health nurse.

Sub county medical lab technologist, and Sub county clinical officer are all members All facilities are required to report any and all mortalities that occurred in their facilities. Once this is done, the committee is alerted and mobilised to visit the reporting facility and hold an audit on the occurrences and then prepare a report is forwarded to county epidemiologist.

- Finance committee

This confirms the budget and evaluates the financial status of the facility against its needs. This is done through a series of meetings held prior to every board meeting where they present their report to the board members. 1 health board member

- Medical Superintendent
- Accountant
- Procurement

Invention prevention committee

This committee responds fast in case of any outbreak and advices on the right measures

Quality of care sub committee

The committee participates alongside Health management team in an annual review of services, assessment of needs and setting of priorities for the hospitals as well as discussing complaints from patients and ensuring patient satisfaction by forwarding reports to the Hospital board and to the Health management team

- 1 Health board member
- Medical Officer
- Nursing Officer In-Charge
- Public Health Officer

Rapid response committee(covid)-

This committee consists of Sub-county medical officer, Sub-county disease surveillance, Sub-county clinical officer, Sub-county medical lab technologist, Health promotion officer, Sub-county health promotion officer and Sub-county health records officer. The committee receives alerts on covid-19 suspected cases as well as adverse reactions following immunization and facilitates the administration of covid 19 vaccine. The committee also facilitates transfer of patients needing hospital isolation and provides oversight over homebased care and isolation.

- **Sub-county commodity security**

Comprises of, Sub county medical lab technologist, Sub county public health nurse Sub county medical officer of health, Sub-county health records , sub-county nutrition, sub county public health officer, Procurement officer and Sub-county clinical officer. Checks the quality of commodities for use in the facility and the sub-county and ensures no stock outs by constant monitoring of departments.

- **Inspection and acceptance committee**

The committee checks the quality of items supplied in the facility as per the specifications on requisition. Comprises of Sub county clinical officer, Sub county public health officer, Technical department, Nursing service manager, Procurement officer.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 237 matathia
Lari Level 4 Hospital
Nairobi -Naivasha /Highway
Lari Kenya

(g) Entity Contacts

Telephone: (+254) 0724078828
E-mail: dmohlari@gmail.com.
Website: www.kiambu.go.ke

(h) Entity Bankers

Operations account

Lari sub-district hospital

Kcb Limuru

Acc.N0.1157607691

2 Nhif Acc.

Lari level 4 nhif collection account

Kcb Limuru

Ac.no 1266695311

3 Revenue account

Lari level 4 Hospital Revenue account

Family Bank Thika

Acc.no.00100053766

(i) Independent Auditors

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




(j) Principal Legal Adviser

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




(k) County Attorney

P.O. Box. 2344
Kiambu, Kenya





3.The Board of Management

MEMBERS		
1.	 Dr. Mungai Mbugua Kahangara	Date of birth-22 June 1955 Dental Surgeon Board chairman Work Experience-4 Years As Dental Surgeon With Government Hospitals From 1983 To Date –Own Dental Clinic 2013-2017-Tigoni Hospital Board Chairman
2.	Hannah Wanjiku Njoroge 	Date of birth-5 th April 1967 -Health systems manager -1989-2011 worked in various institutions as in charge of patient bookings -Currently director of St .Anns medical centre Nairobi -committee chairing-Quality of Health care services
3.	 George Tharao Ngure	-Date of birth-1952 -Human Resource Director Clean- Shelf -Work experience -1973-1980 supervisor kenya breweries -committee chair-finance& General purpose committee







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<p>4.</p>	<p>Joseph Waweru Wanjiku</p> 	<p>-Date of birth..3rd Dec 1980 -Reverend In Ack Church</p>
<p>5.</p>	 <p>Loise wangui Ndungu</p>	<p>2016-Bachelor in business management purchasing & supplies Mt kenya University -1995-Diploma data processing 2002-2003-Executive secretary in medical assistant programme international south Africa -1999-2002 Executive assistant medical assistant programme international</p>
<p>6.</p>	 <p>Dr. Joseph Muriithi</p>	<p>-Medical Superintendent -Masters in pharmacy -Secretary to the board -Accounting officer in the facility -In-charge of the facility and all sub-county facilities both private and government</p>







4 Key Management Team

1.	 <p>Dr. Joseph Murithi Kathare</p>	<p>Medical superintendent Masters in pharmacy -Administration of the Hospital -Accounting officer In-charge of all facilities in Lari sub-county</p>
2.	 <p>Naomi Wanjiku Ndungu</p>	<p>Health administrative Officer In-charge of administration</p>
3.	 <p>John Ngugi Irari</p>	<p>Sub-county public Health Nurse) In-charge of sub-county Nurses -Deployment of nurses within sub-county -Issuing of vaccines to facilities in the sub-county both private and government.</p>
4.	 <p>James Mbugua Mukuruma</p>	<p>Nursing service manager (in charge of facility nurses -organising theatre nurses duties -duty allocation of nurses</p>



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5.	 Moses kiprotich	Sub county clinical officer(in-charge of clinical officers in sub-county -Consultation services to patients -Duty allocation for Clinical Officers
6.	 James Yatich Kibichii	Sub county public health officer(in-charge of public health in sub-county Checking of upcoming constructions on adherences to health requirement
7.	 Peter Gatu	Sub county health records information officer (in-charge of records -Monthly reports for both private and govt. facilities
8.	 Dr.Koome Daniel Kinyua	Medical Officer Consultation In Ncd Clinic(Non-communicable diseases) Reviewing of patients -conducting operations
9.	 Dr.Samuel Maina Kamau	Pharmacist (in-charge if facility pharmacy) Dispensing drugs
10.	 Loise Wangui Gikonyo	Sub county medical lab technologist (In-charge of laboratory services in sub-county -Conducting lab tests

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		-Monthly reports of all facilities both private and public.
11.	 Dr. Priscilla Wanjohi	Obsy/gyne consultant In-charge of major operations that need gynaecological consultation.
12.	 Lucy Njeri Kahari	Sub county Health Promotion Officer (Training Within Sub county organising continuous medical training seminars.
13.	 Milka Waceke Kamau	Sub county nutritionist Counselling to Nursing mothers Counselling to ccc patient on healthy feeding
14.	 Victoria Nthenya Mutia	Community oral health officer -Teeth extraction, -general oral health
15.	 Rahab Njeri Njuguna	Accountant -Expenditure and revenue Monthly reports, quarterly Annual reports, bank reconciliation -preparation of vouchers, writing cheques, imprest management -
16.	 Raphael Njugi Kiarie	Procurement officer Writing Local Purchase Order , service orders ,s13, -Issuing items from stores -floating quotations -

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17.	 <p>Moses Thuo Kamau</p>	<p>Sub county disease surveillance(malaria control and Reporting and follow-up of any disease outbreaks/prevention</p>
18.	 <p>Dr. Edith Kagunda</p>	<p>Consultant Paediatric Conducts clinics for children and offers consultation services for children with all ailments</p>

5 Chairman's Statement

The Lari level 4 hospital board was appointed under gazette notice no. 3616, dated 16th April 2021. The members are:

1. **(Dr) Mungai Mbugua Kahangara - Chairman**
2. **Rev. Joseph Waweru Wanjiku - Member**
3. **George Tharao Ngure - Member**
4. **Hannah Wanjiku Njoroge - Member**
5. **Loise Ndung'u - Member**
6. **Dr. Joseph murithi kathare - Secretary**

The first board meeting which happened to be an introductory meeting, chaired by the County Director Administration and Planning was held on 8th July 2021. The board's main objective has been to provide oversight over the general administration of the hospital, promote development of the hospital, recommend to the executive member plans and programs for implementation and also recommend budget estimates to the executive member.

Over the last two years, the facility has grown and gained a lot of trust from the Lari community members towards service provision especially with the facility being a sub county referral facility with the only public hospital theatre available in the sub county. Our main objective has been for the theatre to initially function 5 days a week from 8am-5pm. and workload has increased since we received a resident Gynecologist/Obstetrician, paediatrics one medical officer. The Specialists team is working hard to ensure our patients are well treated and this is in accordance to the proper functionality of a level 4 hospital.

Currently, our biggest challenge has been bed capacity meaning that the only inpatient care being provided as our facility is maternity care. This is quite contrary to what a level 4 hospital should offer in terms of inpatient services. There is great need to expand and diversify the services being offered at this facility. The county has shown promise with the project of a ward building which was launched in 2015 but we have seen work in Progress for the same building. The Building can host surgical wards, Medical wards, Maternity, Theatre and Pediatrics wards.

The other challenge has been staff shortage where several members of staff either resigned or retired, others going for study leave without replacement. The board will also lobby with Kiambu County Government to have additional specialists e.g. Orthopaedics, General surgeons (due to RTA experienced in Nakuru Highway), Physician (due to the cold weather in the region) so that the new upcoming building can accommodate them.

The facility has a dental clinic which is well equipped but lack provision of a dentist thus limiting the variety and number of procedures offered in a department that holds a lot of potential.

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A well Functioning Health Sector in Lari sub-county will translate to a healthy workforce and consequently increased productivity .I therefore request the county government to promptly support Lari with adequate Human resource in order to continue serving the community.

We look forward to ensuring that Lari level 4 is a proper functional level 4 facility as per universal Health coverage requirements.

Yours sincerely,



DR. MUNGAI. M. KAHANGARA

BOARD CHAIR

LARI LEVEL 4 HOSPITAL

6. Report of The Medical Superintendent

Non-Financial Report

The facility has improved services within the year where the following special clinics are on going as follows:

1. Non-communicable diseases
2. Gynaecological clinic
3. Paediatric clinic
4. Psychiatric clinic
5. Diabetics and blood pressure
6. Tuberculosis clinic
7. Skin Clinic
8. Dental clinic

The county is working on completing the New wards in progress which will increase the bed capacity and increase revenue.

The facility have received a well-equipped ambulance from the county.

The hospital has also made requisitions of ultra sound machine which will improve the performance.

Challenges

1. Not enough bed capacity i.e only 9 beds for maternity cases where 5 are for normal deliveries and 4 beds for caesarean operations together with hysterectomy cases. This limits the number of patients that can receive inpatient services.
2. There is need for more medical officers to cover night duties. currently only one officer who covers during the day. at night they refer emergency patients .
3. The hospital experienced water shortage due to dry spells that are often due to the change of weather. we recommend for the facility to have its own borehole.
4. No facility vehicle for use in the facility this causes a lot of inconvenience's when items needs to be collected from the county. we recommend the facilities to be allowed to maintain a facility vehicle .
5. Due to space limitation most of the above clinics are operated once a week . This we hope will be sorted when the new building is complete.
6. some department like lab and pharmacy do not operate 24hrs this is as a result of few staffa. recomedationn is addition of more staffs in the department

7. The facility do not have an x-ray department . This makes patient to go out to seek the services. This calls for a quick response for provision of the necessary equipment to bring close the service the community and increase revenue.

Financial Report


The the fif collected is ksh.6,239,096 while the Nhif is ksh.6,627,690 total being ksh.12,866,786. During the year the facility received back in refund from the fif fund account an amount of ksh11,008,898.

This enabled the facility to clear all supplies that were done during the year, however there are still pending bills remaining that are to be paid which were for the previous financial years as the county pending bill committee still has them waiting clearance for payment.

In conclusion this facility being along the highway calls for proper equipping for fast care service to those who get injured incase of accidents.

There is need for an orthopaedic specialist for quick service to those with broken bones.

We look forward to improved services.


.....
Name *D. Joseph Murithi*
Secretary to the Board

7.Statement of Performance Against Predetermined Objectives

Lari level 4 has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2023- FY 2024. These strategic pillars/ themes/ issues are as follows;

Health financing 1:

Service delivery 2:

Lari level 4 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 lari level 4 achieved its performance targets set for the FY 2023/2024 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/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 Health Promotion and education on nutrition and violence	-Reduction in mortality and morbidity rates from 10% - Reduction in number HIV prevalence.
Service Delivery	Provide essential Medical services	-Average turn around time -Medical equipment utilization -Insurance preauthorization	General Outpatient - Integrated mother child health care / Family Planning services -	-Increase in the number of caesarean sections -Reduction of waiting times for patients.

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		and claim processing time	Accident and Emergency - Emergency life support - Maternity - Newborn and post natal care - Reproductive health - In Patient Maternity services	- Diversification of tests done at the laboratory
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8. Corporate Governance Statement

Lari Level 4 Hospital has a hospital board comprising of 5 members which were appointed by the CEC (county executive member of health through the Department of Health and serves for three years subject to renewal of contract. The meetings during the financial year were held on 10th augst2023 and the 2nd was on 11th Jan. 2024.

Appointment

- i. Chair person of the board not to be a staff of county and minimum diploma Qualification
- ii. Four residents within the sub county where the hospital is located.
- iii. The superintendent to be the secretary

Removal:

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 Article 6 and 10 of the Constitution; or
- (e) is charged with a criminal offence in court of law or a traffic offense attracting an imprisonment term of a minimum of six months.

Roles and responsibilities of the board

1. Provide oversight over general administration of the hospital
2. Promote development of the hospital
3. Recommend to the executive plans and programmes for implementing county health Strategies In hospital
4. Recommend budget estimates to the executive
5. Establish hospital community feedback platforms

6. Assess delivery services.
7. Monitor hospital performance.

Remuneration

	Sitting allowance	lunch	transport
Board chair-	4000	500	2000
Members-	2500	500	2000

Performance

- a. Meeting not less than 4 times in the financial year
- b.)Chairperson upon request by at least half of members can convene a special meeting.
- c.) Unless three quarters agree for a urgent meeting ,At least 14 days notice should be given
- d.) Quoram should be five members for board and three for committee,s
- e.) Chair person to preside every meeting of the board but incase absent members can appoint one of them to preside.
- f.) Unless a unanimous decision is reached all matters shall be as majority votes of members.if the votes are equall the chair to cast a vote.
- g). No proceeding shall be invalid by reason of absence of a person.
- h.) Remuneration of the board is determined by county public service board.

Conflict of interest

- a. If a member has interest in a matter in discussion he will not discuss or vote and to disclose.
- b. If the member has deep insight of a matter and has interest he can discuss but not vote
- c. A member is considered to have conflicting interest if it interferes with performance in the board
- d. Where board realises a member has interest they can refrain him from taking further part.
- e. If chair has interest he should disclose in writing to the board.
- f. Upon the board being aware of conflict they are to determine if it will affect its performance. The affected member will note vote in determination.

Conduct;the board shall comply with code of conduct governing public officers

All minutes of resolutions and proceedings shall be entered in books for that purpose.

9. Management Discussion and Analysis

Lari level 4 hospital was first opened on 9th December 1960 as a health centre. Was then upgraded to a level 4 facility on 4th October 2013 (Gazette notice no. 13617). It serves as the sub county hospital with Lari sub county population at 135,303 persons (Kenya Population and Housing Census, August 2019). Currently the population is projected at 145,303. It occupies a total geographical area of 439.2 square kilometers.

Departments: Out Patient Department, Lab. Dental clinic, Pharmacy, Nutrition, Psychiatric counseling, triage, Child Welfare Clinic, Mother Child Health clinic, Records, Casualty, Maternity (9 beds theatre services and Specialist clinics (Non Communicable Diseases, Gynae clinic .

Maternity cases-857, outpatient 18,199, special clinic 14989, acc and emr 161 cases, operations 103 cases

Clinical Performance of Lari Sub county hospital continues to provide a wide range of healthcare services to, patients from Lari sub county and its environs. Services include, specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care (Maternity), day care procedures for surgery, Psychiatric clinic, 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 and lack of adequate bed capacity.

The key challenge is bed capacity with the facility only able to accommodate 9 beds. There is a lot of potential for this facility and with completion of the ward building, a lot more history can be achieved.

There is a 4 storey ward building under construction which is meant to have a capacity of 195 beds and 2 additional theatres. The building was started in 2015 but is still yet to be completed. We however hope that it shall be completed in the new financial year with support from the county government who are financing the project.

Over the last year, several officers have left public service in terms of either resignation or retirement. None have been replaced and this has brought a lot of strain on the facility staff sometimes leading to burnout.

We urge the administration to support especially when there is no strain to the wage bill as is the case with replacement of an officer.

The facility has financial obligations which include: Casual wages, Electricity bill, water bill, security, airtime, food for patients, transport, fuel etc. Currently, all casual wages have been paid till June 2023 and are up to date.

Through reimbursement as per the facility fund act, our lab is fully equipped to perform as a level 4 facility should. Available tests are: hba1c, Kidney and liver function tests, Thyroid function tests, Haematology, Gene expert, urinalysis, H.pylori, blood donation, blood grouping and other tests. The challenge at the moment is space. With the laboratory having more equipment than space. Again this will be a thing of the past with the ward building that is still under construction.

Clinical/operational performance

The facility has a total of 9 beds because it lacks space for other inpatient services. We had a total of 34,309 outpatient visits in the FY 2023/2024 .

This was due to stock outs of drugs and lab materials.

The facility theatre now functional only working 8 hours/ 5 days a week due to staff shortage . Each inpatient staying 24 hours average if delivered normally and 3 days if delivered via caesarean section.

Bed occupancy at 54%

Mortality rate under 1%

The facility only depends with our revenue being Fif and Nhif. We however have partners like crissp-
uon who have employed a clinician, hts counsellors, hrio and a chv all to support the ccc and tb clinic

Financial performance that includes

Our revenue sources are fif and Nhif. Funds are utilised as per the Fif act guidance as follows: 30% towards Facility development and 70% towards recurrent expenditure. This is proposed by the Health Management Team and approved by the Hospital board.

The the fif collected is ksh.6,239,096 while the Nhif is ksh.6,627,690 total being ksh.12,866,786.

Section B

Entity's compliance with statutory requirements

The entity complies with all statutory requirements and submits them in time.

The facility has casuals and submits their nssf and nhif deductions as required

No court case over the facility.

Section C

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

The major project is completion of 4 storey building for inpatient ward that is wholly being financed by the county government.

Section D

Major risks facing the entity.

OPERATIONAL RISK

The facility is located along the highway where at times when the accident occurs along it's the only government facility and has no inpatient services.

This results to referrals after giving first aid.

The facility has no HDU or ICU services available.

Ambulances are shared in the whole county and this makes it at times very inconvenient in case of emergency bearing in mind that the hospital is along the Highway.

The facility also has a shortage of staffs therefore not able to give a quick and fast care to victims.

Market risk

The facility is not able to provide x ray services and many other services required in a level four this brings a stiff competition with the private sector that has all the services and enough manpower

Capital risk

The facility has not been able to raise enough for its development due to the little services it offers. The revenue is only enough for recurrent expenditures.

Credit risk

The facility has an outstanding pending bills as a result of some funds not refunded .

LIQUIDITY RISK

The facility do not have many sources of revenue but with the completion of new wards the facility can stand a better chance of more investment .this can also attract donors and partners

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Section E

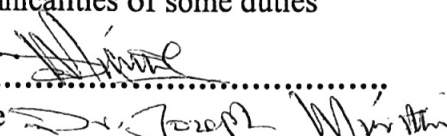
Material arrears in statutory/financial obligations

PENDING BILLS AS AT			
30 June 24			
No	Name	Description	Amount
1	Dolfine Secure Services Limited	Sept to dec 2022, May & June 2024	285,000
2	Tonmwag Enterprises	Printing Of Nhifinvoices Lprescription Pads Opd Cards	416,040.00
3	Frim Enterprises	Stationery	21,786.00
4	Briakan Enterprises	Non Pharms	138,950.00
5	Bioline Agencies	Labreagents	112,470.00
6	Hewatele	Oxygen	25,075
7	Solidarity	M/V Repair	356,760.00
8	Zerograzer Enterprises	Food	440,000.00
9	Zerograzer Enterprises	Catering	162,000.00
10	Harrods General Suppliers	Gos	57,000.00
11	Harrods General Suppliers	Printing Of Nhifinvoices Lprescription Pads Opd Cards	569,800.00
12	Minera General Supplies	Gos	116,945.00
13	Freb pharmaceuticals	Non-pharms	17,400
14	Dekimu	Ambulance Repair After Accident	547,428.00
15	Maintenance	Labour	50,000
		TOTAL	3,316,654

Section F

The entity's financial probity and serious governance issues

The facility experiences shortage of staff both in administration and in the other areas . This puts strain on the few available as they carry a big burden and others not fully conversant with technicalities of some duties

.....
 Name 

Secretary to the Board

10.Environmental And Sustainability Reporting

Lari level 4 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 reimbursement of the FIF back to the facility has also been key in planning and sustaining the activities of the hospital. We also have a kitchen garden where we grow our own vegetables

Environmental performance

In the facility kitchen garden we have a number of trees that are maintained as well as flowers to ensure we nurture the environment. We also ensure waste disposal is taken seriously and make use of our burning chamber.

ii) Employee welfare

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

iii) Market place practices-

a) Responsible competition practice. Procurement processes are done competitively and fairly, offering opportunity to all people groups .Lari Sub county hospital follows to the latter PFM and Public Procurement and Asset Disposal Act

b)Responsible Supply chain and supplier relations

Lari 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

Adhere to set laws to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

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

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity is to provide health services to the public.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 To 7

Board of Management

The members of the Board who served during the year are shown on page ix and x.
During the year, none director(s) retired/ resigned, and no director (s) was appointed .

Auditors

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

By Order of the Board


.....

Name *Dr. Joseph Murithi*
Secretary to the Board

12.Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (Kiambu count Health Services Act no.2 of 2019) requires the Board of Management to prepare financial statements in respect of that Lari level 4 hospital, which give a true and fair view of the state of affairs of Lari level 4 hospital at the end of the financial year/period and the operating results of Lari level 4 hospital for that year/period. The Board of Management is also required to ensure that Lari level 4 hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Lari level 4 hospital. The council members are also responsible for safeguarding the assets of the Hospital

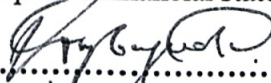
The Board of Management is responsible for the preparation and presentation of Lari level 4 hospital’s financial statements, which give a true and fair view of the state of affairs of Lari level 4 hospital for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility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

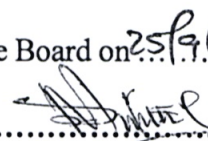
The Board of Management accepts responsibility for Lari level 4 hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Kiambu County Health Services Act no.2 of 2019). The Board members are of the opinion that Lari level 4 hospital’s financial statements give a true and fair view of the state of Lari level 4 hospital’s transactions during the financial year ended June 30, 2024 and of Lari level 4 hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Lari level 4 hospital, which have been relied upon in the preparation of Lari level 4 hospital’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Lari level 4 hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

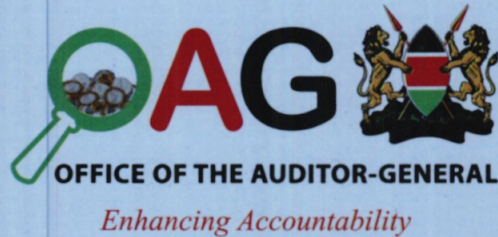
The Hospital’s financial statements were approved by the Board on 25/6/24 and signed on its behalf by:


.....
Name: DR. MUNGAI KAHANGARA
Chairperson
Board of Management


.....
Name: Dr. Joseph Muriithi
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 LARI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Lari Level 4 Hospital – County Government of Kiambu set out on pages 1 to 38, which comprise of the statement of

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

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Lari Level 4 Hospital – County Government of Kiambu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and did not comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Kiambu County Health Services Act, 2019.

Basis for Adverse Opinion

Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the following anomalies;

1.1 Inaccuracies in Opening Balances

There were inaccuracies noted in the opening balances as shown below:

Item	Comparative Amount 2023/2024 (Kshs)	Previous Year's Audited Amount (Kshs)	Variance (Kshs)
In kind Contributions from the County Government	78,022,145	96,952,695	18,930,550
Rendering of Services - Medical Service Income	11,994,931	11,039,940	954,991
Medical/Clinical Costs	5,300,371	5,111,930	188,441
Employee Costs	75,628,077	94,558,627	(18,930,550)
Repairs and Maintenance	470,710	197,950	272,760
Grants and Subsidies	2,398,986	2,207,988	190,998
General Expenses	2,914,343	2,779,796	134,547
Net Surplus for the Year	3,304,589	3,136,344	168,245
Cash and Cash Equivalents	6,131,614.6	5,079,596	1,052,018
Property, Plant and Equipment	1,953,724	1,977,064	(23,340)
Trade and other Payables	5,008,654	5,213,239	(204,585)

1.2 Notes to the Financial Statements

Reported in Note 42 to the financial statements is net cash flows from operating activities totalling Kshs.1,438,870 which differs with the reported amount of Kshs.2,499,566 reflected in the statement of cash flows.

In the circumstances, the financial statements may not be fairly stated.

2. Non-Provision of Trial Balance

The statement of financial performance reflects total income of Kshs.107,969,006 and total expenses of Kshs.106,530,136. However, the supporting trial balance was not provided for audit.

In the circumstances, the financial statements presented for audit may not be accurate and complete to reflect the activities of the Hospital.

3. Variance Between Water Bill Amount and Recorded Payment Amount

The statement of financial performance and Note 21 to the financial statements reflects general expenses amounting to Kshs.2,411,723. Included in this amount is Kshs.210,000 relating to water expenditure. However, a sample of water bills differed with the payments recorded in the ledger as shown below:

Document Reference	Amount Billed (Kshs.)	PV Amount (Kshs.)	Variance (Kshs.)
10	44,372	60,000	(15,628)
994	2,747	30,000	(27,253)
1033	34,267	58,280	(24,013)
Total			(66,894)

In the circumstances, the validity of the payment for the water bill could not be ascertained.

4. Variance in Reported FIF Amounts Fund Payables and Lari Level 4 Receivables

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totalling Kshs.15,308,440. Further, records under the FIF fund indicate an amount totalling Kshs.251,444 as payables to Lari Level 4 Hospital resulting in a variance of Kshs.251,444 between the two institutions. The audit could not confirm the reason for the variance in the two institutions

In the circumstances, the validity, accuracy and completeness of the receivables could not be confirmed.

5. Understatement of Receivables from Exchange Transactions

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions balance of Kshs.15,308,440. However, review of the Hospital records and bank statements revealed that Lari Level 4 Hospital received Kshs.1,383,328 from the FIF Fund after the closure of the financial year but recorded it as part of revenue as at the close of the year. Management ought to have disclosed it as a receivable during the year under audit as it was not budgeted for in the current year under review.

In the circumstances, the validity, accuracy and completeness of the receivables could not be confirmed.

6. Unbilled Revenue Collection

The statement of financial performance and as disclosed in Note 11 to the financial statements reflect rendering of services-medical services income of Kshs.12,866,426. Review of the workloads against cash collected report revealed expected collections totaling to Kshs.3,383,098 resulting to unbilled revenue totaling to Kshs.9,483,328.

In the circumstances, the validity, accuracy and completeness of the revenue could not be confirmed.

7. Unsupported NHIF Receipts

The statement of financial performance and as disclosed in Note 11 of the financial statements reflect rendering of services-medical services income of Kshs.12,866,426. Included in the balance is NHIF receipts of Kshs.6,627,690 which has not been supported by the patient bills and reimbursement statements for NHIF.

In the circumstances, the validity, accuracy and completeness of the revenue from NHIF could not be confirmed.

8. Trade and Other Payables

8.1 Unsupported Trade and Other Payables

The statement of financial assets and financial liabilities and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.3,316,654. Review of the records revealed that the trade and other payables were not supported by the LPOs/LSOs, procurement plan, budget, invoices, LPO and invoices registers, payable or customer statements and movement schedule.

8.2 Inaccurate Trade and Other Payables

The statement of financial assets and financial liabilities and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.3,316,654.

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

Review of the schedule provided revealed a balance of Kshs.3,275,654 resulting to a variance of Kshs.41,000 which was not explained or reconciled.

In the circumstances, the validity, accuracy and completeness of the trade payables could not be confirmed.

9. Failure to Depreciate Property, Plant and Equipment

The statement of financial performance and Note 31 to the financial statements reflects nil balance for depreciation and amortization for property, plant and equipment. However, the Institution had property, plant, and equipment of Kshs.2,480,967.

In the circumstances, the book value of the assets may remain inflated, leading to an overstatement of total assets.

10. Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 27 reflect cash and cash equivalent balance of Kshs.3,363,567. Review of Note 27 revealed that FIF operations account maintained in Kenya Commercial Bank had balance of Kshs.1,972,333. However, verification of the cashbook and reconciliation statement provided for audit revealed a balance of Kshs.1,484,260 resulting to a variance of Kshs.488,073. Further, review of the bank reconciliation statement revealed an unrepresented cheque of Kshs.2,835 as at 30 June, 2024 which was stale and had not been reversed back to the cashbook. In addition, the stale cheques relate to taxes and had not been remitted to Kenya Revenue Authority (KRA).

In addition, Lari Level 4 Hospital FIF Revenue account maintained in Family Bank Account had the cashbook prepared, and bank reconciliation done monthly. However, review of the financial statement provided for audit revealed that Management reported a balance of Kshs.96,034 for the year ended. Further, review of the cashbook and reconciliation statement provided for audit revealed a balance of Kshs.14,105 resulting to a variance of Kshs.81,929 which was not explained or supported. In addition, management did not provide bank certificate for the family bank account.

The Institution had an Mpesa Pay bill number that was used for collection of revenue for the Facility. However, the Mpesa statement has not been provided for audit and has not been disclosed in the financial statements. Hence, it was not possible to ascertain the balance as at the end of the year.

In the circumstances, the amounts in the financial statements could not be relied on.

11. Variance in Reported Revenue Receipts

During the audit of Lari Hospital's financial statements, discrepancies were noted in the revenue amounts reported across various financial statements. The statement of financial performance records revenue under rendering of services-medical service income of

Kshs.12,866,426, while the budget reflects actual amounts of Ksh.11,008,898. Further, the statement of cash flows indicates revenue inflows from rendering of services-medical service amounting to Kshs.15,692,270. These inconsistencies highlight potential errors in financial reporting, budgeting, or revenue recognition, necessitating a detailed reconciliation to identify and address the root cause of the variances.

In the circumstances, the validity, accuracy and completeness of the revenue could not be confirmed.

12. Overstated in Kind Contribution from the County Government

Reported in the statement of financial performance and as supported by Note 7 to the financial statements is Kshs.95,102,580 in respect to in kind contribution from the County Government. Of the amount Kshs.93,166,580 relates to salaries to the Hospital's employees. An analysis of the County Government payroll revealed that the salaries paid for Lari Level 4 Hospital employees during the year is Kshs.81,273,099 resulting to an unreconciled variance of Kshs.11,893,481.

In the circumstances, the accuracy and completeness of the in-kind contribution could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.25,000,000 and Kshs.11,008,898 respectively, resulting to an under-funding of Kshs.13,991,102 or 56% of the budget. However, the Facility spent a balance of Kshs.9,324,927 against actual receipts of Kshs.11,008,898 resulting to an under-utilization of Kshs.35,970,105 or 15% of actual receipts.

The under-funding and under-utilization affected the Facilities' planned activities and may have impacted negatively on service delivery to the public.
My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in

the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Audit Matters

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

Other Information

The Board of directors are responsible for the other information set out on page iii to xxx which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report Of the Directors, Statement Of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Lari Level 4 Hospital – County Government of Kiambu financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of

Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

Review of financial statements revealed the following anomalies: -

- i. Board composition does not define whether the Board member is independent or executive and does not state the committee of the Board member.
- ii. On the approval of statement of financial performance, the head of finance did not indicate ICPAK number.
- iii. Notes to the financial statements are not chronological and notes 8, 9, 10, 12, 13, 18, 22, 23, 24, 25, 26, 32, 33, 36, 37, 38, 39, 40, 41, 46, and 47 are omitted.
- iv. Some amounts in the financial statements have not been rounded off.
- v. Progress on follow up of auditor recommendations was not filled with the relevant details.
- vi. Appendix III: inter entity confirmation letter not signed by the head of accounts department for the disbursing entity.

In the circumstances, the financial statements do not comply with the recommended financial reporting framework.

2. Irregular Procurement of Stationery

Included in the statement of financial performance and Note 21 to the financial statements is general expenses amounting to Kshs.2,411,723. Included in this amount is Kshs.268,724 relating to general office supplies. Scrutiny of a sample of payment vouchers provided for audit revealed that a supplier was awarded contracts for the supply of stationery at a total cost of Kshs.235,390 as shown below:

Document Reference	Details	Amount (Kshs)
975	Payment for Stationery	169,870
1070 & 1071	Payment for Stationery	65,520
Total		235,390

However, the following issues were noted:

- i. The opening and evaluation committee was the same contrary with the law.

- ii. Letters of the committee appointments were not provided for audit.
- iii. Notification of award and regrets to the losing bidders were not provided for audit.
- iv. Letter of acceptance and invoice were not attached.

In the circumstances, the procurement of the stationary was flawed.

3. Long Outstanding Receivables

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totalling Kshs.15,308,440. In comparison with the previous year balances, there was no movement of the Hospital's receivables balances, an indication that Management may not have made any efforts to recover the outstanding hospital balances. Further, included in the amount is Kshs.5,448,155 for debtors dating back to over 4 years. Management has however not provided measures taken to recover the debts and did not also make a provision for bad debts.

In the circumstances, long outstanding receivables maybe an indicator of the hospital's management poor debt collection.

4. Irregular Procurement for Repairs and Maintenance

The statement of financial performance and as disclosed in Note 19 of the financial statements reflect repairs and maintenance amount of Kshs.421,900. Review of the payment vouchers revealed that service providers are paid through the imprest surrendered by the accountant totalling Kshs.421,900 exceeding the cash limit of Kshs.50,000 in one financial year.

In the circumstances, the procurement was flawed.

5. Long Outstanding Trade and Other Payables

The statement of financial assets and financial liabilities and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.3,316,654. However, included in the balance are trade payables balance of Kshs.3,266,654 which had been outstanding for more than one (1) year. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates. Further, there was no policy on impairment of the long outstanding accounts payables casting doubt on fair statement of the accounts payables balance.

In the circumstances, accumulating the payables without adequate cash flows to settle them can result in a liquidity crisis.

6. Incompleteness of Asset Register

The statement of financial position and Note 31 of the financial statements reflects plant property and equipment balance of Kshs.2,480,967. However, review of the asset register provided for audit revealed the following irregularities.

- i. The parcel of land that was not included in the asset register and there was no report of valuation of the land to ascertain the value.
- ii. The ownership could not be confirmed as the title deed was not provided for audit.
- iii. The Hospital has various building and medical equipment's that are functioning and working. However, they have not been included in asset register.

In the circumstance, the completeness of the plant, property and equipment could not be confirmed.

7. Purchase of Property, Plant and Equipment

Review of records provided revealed that Management entered into a contract with a company for a sum Kshs.290,000 for supply of three desktop computer. However, the following irregularities were noted.

- i. The appointment letter for the opening, evaluation and inspection committees was not provided.
- ii. Members of the opening committee were the same members who conducted the evaluation.
- iii. The evaluation team did not have individual member score sheet for the evaluation. Further, the evaluation team did not append their signature on all the page of the evaluation report as required in law. In addition, the evaluation report provided did not state the evaluation criteria neither did it rank the bidders.
- iv. No evidence was provided in support of the payment to show that that the Head, Supply Chain issues a professional opinion to the Accounting Officer for approval before award.
- v. There was no evidence provided showing that the successful bidder was notified of the award and that the winning bidder accepted the award. Further, the regret letters to the unsuccessful bidders were not provided for audit.

In the circumstance, the completeness of the plant, property and equipment could not be confirmed.

8. Non-Provision of Procurement Files and Documents

The statement of financial performance and Note 15 to the financial statements reflects medical/clinical cost balance of Kshs.5,882,462 which include dressing Non pharmaceutical and pharmaceutical payments of Kshs.1,629,855 and Kshs.1,519,537 respectively. However, review of the payment vouchers revealed that they were not supported by procurement files and documents hence it was not possible to ascertain the how the procurement was done and method used.

In the circumstances, the propriety of expenditure totalling Kshs.3,149,392 could not be confirmed.

9. Irregularities in Supply of Food Stuff

During the year under audit, Management entered into contracts with a construction company for Kshs.1913,211, a local company for a sum Kshs.190,090 for supply of food stuffs and another company for sanitary items for a sum of Kshs.71,930. However, the following irregularities were noted.

- i. The appointment letter for the opening, evaluation and inspection committees were not provided.
- ii. Members of the opening committee were the same members who conducted the evaluation.
- iii. The evaluation team did not have individual member score sheet for the evaluation. Further, the evaluation team did not append their signature on all the page of the evaluation report as required in law. Further, the evaluation report provided did not state the evaluation criteria neither did it rank the bidders.
- iv. No evidence was provided in support of the payment to show that that the Head, Supply Chain issues a professional opinion to the accounting for approval before award.
- v. There was no evidence provided showing that the successful bidder was notified of the award and that the winning bidder accepted the award. Further, the regret letters to the unsuccessful bidders were not provided for audit.

In the circumstances, the procurement process was flawed.

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

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee costs amount of Kshs.95,182,768. Included in the employee costs relating to contractual employees of Kshs.2,026,188. Review of ledgers and documents provided for audit revealed that the Hospital delayed remitting statutory deductions, with payments for the financial year being made between October, 2023 and

July, 2024. In addition, the Hospital incurred Kshs.8,582 for penalty charged for late remittance of NSSF.

In the circumstances, the delayed remittances may attract penalties or interest charges and could impact employee benefits or regulatory compliance.

11. Irregular Engagement of Contractual Employees

During the financial year under review, the Hospital had engaged casual employees. An examination of casual payrolls revealed that, there were 11 casual staff across several departments that were engaged for more than 3 continuous months. This contravenes the Employment Act of 2007, that defines a “casual employee” as an individual whose engagement terms stipulate daily payment and who is not engaged for more than twenty-four hours at a time.

In the circumstances, the irregular hiring practices can lead to unexpected costs, making financial planning and budgeting less reliable.

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

Audit review of service output from the Kenya Health Information System (KHIS) against some of the basic essential healthcare services that Lari Hospital offers revealed that the Hospital does not offer some the services accredited to a Level 4 Hospital. Audit inspection conducted in the month of December, 2024 revealed that, the hospital has not fully actualized its role in universal health care through offering primary services. There is need therefore for the Hospital to re look its service delivery pillars.

In the circumstances, the Hospital does not meet the requirements of the Universal Health Care.

13. Irregular Payment for Security Services

Included in the statement of financial performance and Note 21 to the financial statements is general expenses amounting to Kshs.2,411,723. Included in this amount is Kshs.1,282,500 relating to security services paid a company. However, the following issues were noted:

- i. There was no inspection and acceptance minutes confirming that the services were provided.
- ii. Payment amounting to Kshs.45,000 related to an invoice raised for June, 2023 which does not relate to the current year.

In the circumstances, the validity of the payment for the security services could not be ascertained.

14. Non-Compliance with Fiscal Responsibility Principles

Note 16 to the financial statements reflects employee costs totalling Kshs.95,182,768. The amount represents approximately 88% of the total revenue of Kshs.107,969,006 being 53% percentage points over and above the maximum allowed ceiling contrary to Regulation 25(1)(b) of the Public Finance Management (County Government) Regulations 2015 which requires the expenditure set should not exceed thirty-five (35) percent of the Organization revenue.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Bad Debt Policy

Reported in the statement of financial position and as supported by Note 28 to the financial statements is receivables from exchange transactions totalling Kshs.15,308,440. It was noted that the Hospital does not have a bad debt policy in place to guide the Hospital in the eventuality of failure of the debtors to pay.

In the circumstances, there is no clear basis for identifying and writing off uncollectable debts.

2. Lack of Policies and Manuals

Review of Lari Level 4 ICT environment during the year ended 30 June, 2024 revealed that there was no formal approved ICT policy in place to enable the hospital manage business processes for the delivery of services to the stakeholders in an effective and efficient manner. Further, it was noted that the Hospital lacks an approved Risk

Management policy thus it does not have a framework for management of risk and hence not possible to identify, assess and control risk. As a result, it is not possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

In addition, during the year under review, the Hospital did not have an approved audit policy.

3. Lack of Internal Audit Function

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

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

4. Irregularities in Board Composition and Governance

The statement of financial performance and Note 17 to the financial statement reflects Board of management expenses amount of Kshs.58,000. However, the following anomalies were observed;

- i. The full Board during the year under review constituted of six (6) members and not the minimum of seven (7) members as required under Mwongozo code of Governance.
- ii. The Board held two (2) meetings during the year under review contrary to Mwongozo guidelines which requires a minimum of four (4) sittings.
- iii. The two (2) meetings were held on 10 August, 2023 and 11 February, 2024 which is six (6) months apart between the two meetings. The Hospital did not comply to Mwongozo guidelines of meetings not elapsing four (4) months between one meeting and the next.
- iv. The Hospital failed to prepare and implement a Board Charter.
- v. The approved board work plan was not provided for audit.

In the circumstances, the effectiveness of governance by the Board could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Lari Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


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

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In-kind contributions from the County Government	7	95,102,580	78,022,145
Grants from donors and development partners	8	-	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	95,102,580	78,022,145
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	12,866,426	11,994,931
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		12,866,426	11,994,931
Total revenue		107,969,006	90,017,076
Expenses			
Medical/Clinical costs	15	5,882,462	5,300,371
Employee costs	16	95,182,768	75,628,077
Board of Management Expenses	17	58,000	0
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	421,900	470,710
Grants and subsidies	20	2,573,283	2,398,986
General expenses	21	2,411,723	2,914,343
Finance costs	22	0	0
Total expenses		106,530,136	86,712,487
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0


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		2024	
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		1,438,870	3,304,589

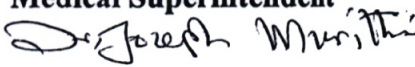
The Hospital's financial statements were approved by the Board on 25/9/2024 and signed on its behalf by:



Chairman DR. MUNGAI
KAITANGARA
Board of Management

RAHAB NUGUNA 

Head of Finance 
ICPAK No:

Medical Superintendent

Dr. Joseph Muriithi

Lari Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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


Description	Note	FY 2023/2024	
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,363,567	6,131,614.60
Receivables from exchange transactions	28	15,308,440	15,308,440
Receivables from non-exchange transactions	29	0	0
Inventories	30	4,449,894	2,283,275
Total Current Assets		23,121,901	8,414,889,60
Non-current assets			
Property, plant, and equipment	31	2,480,967	1,953,724
Intangible assets	32	0	0
Investment property	33	0	0
Total Non-current Assets		2,480,967	1,953,724
Total assets (A)		25,602,868	10,368,613.60
Liabilities			
Current liabilities			
Trade and other payables	34	3,316,654	5,008,654
Refundable deposits from customers/Patients	35	0	11000
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		3,316,654	5,019,654
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

Lari Level 4 Hospital (Kiambu County Government)

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2024			
Service concession Arrangements	40	0	0
Social Benefits	41	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		3,316,654	5,019,654
Net assets (A-B)		22,286,214	5,348,958.90
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		1,438,870	3,304,589
Capital Fund		0	0
Net Assets		22,286,214	5,348,958.90


The Hospital's financial statements were approved by the Board on 25th 10/2024 and signed on its behalf by:



 Chairman **DR. MURUGA KATTANWARA**
 Board of Management

RANAB NUGUNA

 Head of Finance
 ICPAK No: 



 Medical Superintendent
 Dr. Joseph Muriithi

Lari Level 4 Hospital (Kiambu County Government)
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16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Particulars	Revaluation Reserve	Accumulated surplus/deficit	Capital Fund	Total
As at July 1, 2022 (previous year)		8,683,378	0	8,683,378
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	0	0	0
Capital/Development grants	0	0	0	0
As at June 30, 2023 (previous year)	0	3,304,589	0	3,304,589
At July 1, 2023 (current year)				
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	1,438,870	0	1,438,870
Capital/Development grants	0	0	0	0
At June 30, 2024 (current year)	0	1,438,870	0	1,438,870

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

Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		15,692,270	11,994,931
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts(<i>specify</i>)		0	0
Total Receipts		15,692,270	11,994,931
Payments			
Medical/Clinical costs		3,946,462	1,555,256.50
Employee costs		2,026,188	1,349,047
Board of Management Expenses		58,000	0
Repairs and maintenance		421,900	470,710
Grants and subsidies		0	2,389,986
General expenses		6,740,154	2,914,343
Finance costs			0
Refunds paid out			11,000
Total Payments		13,192,704	8,699,342.50
Net cash flows from operating activities	42	2,499,566	3,295,589
Cash flows from investing activities			
Purchase of property, plant, equipment		(527,243)	1,699,224
Purchase of intangible assets		0	00
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		(527,243)	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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Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		0	0
Cash and cash equivalents as at 1 July23	27	6,131,614	1,963,803
Cash and cash equivalents as at 30 June24	27	1,972,323	6,131,614

NB.

The figure for income in the cash flow ksh 15,692,270 is inclusive of money that was in the account ksh 4,683,372 as at the start of the financial year which was transferred to the county later in September 2023.

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

Description	Budget	Variance	Total Budget	Actual	Variance	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	0	0	0	0	0	0
Grants from donors and development partners	0	0	0	0	0	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Medical Service Income	25,000,000	0	25,000,000	11,008,898	13,991,102	44%
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	25,000,000	0	25,000,000	11,008,898	13,991,102	44%
Expenses						
Medical/Clinical costs	8210219	+391,320	8,593,311	3,946,462	4,646,849	46%
Employee costs	3,528,000	0	3,528,000	2,026,188	1,501,812	57%
Remuneration of directors	350,000	-100,000	250,000	58,000	192,000	23%
Repairs and maintenance	1,265,000	+177,218	1,442,218	421,900	1,020,318	29%
Grants and subsidies	0	0	0	0	0	0
General expenses	5,710,800	-68,990	5,641,810	2,345,154	3,296,656	42%
Finance costs	0	0	0	0	0	0
Capital Expenditure	5,935,981	-391,320	5,544,661	527,243	5,017,418	10%
total expenditure	25,000,000	0	25,000,000	9,324,927	15,675,053	37%

Lari Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Budget notes

1. Re allocation of votes were done in july 2024
2. The 4th quarter refund was done in july 2024

19. Notes to the Financial Statements

1. General Information General Information

Lari level 4 Hospital entity is established by and derives its authority and accountability from (– Kiambu County Health Services Act no.2 of 2019 . The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity’s principal activity is Kiambu

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.

1. 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

Adoption of New and Revised Standards

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

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

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

Standard	Effective Date
IPSAS 43	<i>Applicable 1st January 2025</i>
	The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
	The institution will assess the impact.

Standard	Effectiveness and impact
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The institution will assess the impact.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The institution will assess the impact.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

Lari level 4 Hospital (Kiambu County Government)
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Standard	Effective date and impact
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The institution will assess the impact</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The institution will assess the impact</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The institution will assess the impact</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The institution will assess the impact.</p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year .

2. 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.

b. Budget information

The original budget for FY 2023/2024 was approved by Board on 24th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude

the final budget. Accordingly, the *hospital* recorded additional appropriations on the FY 2023/2024 budget following the Board's approval. The *Hospitals*'s budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model. Investment properties are derecognized either when they have been

disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost . 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. 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

The facility does not lease any type of asset.

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 hospital'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

Trade and other receivables are recognized at fair values.

Financial liabilities

Classification

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

k. Provisions

No provisions have been made in the institution

l. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of

society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

No reserves are created in the institution

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 retirement benefit matters are dealt with at the county level

r. Foreign currency transactions

No foreign transactions during the year.

s. Borrowing costs

The facility is not allowed to borrow only works within the budget available.

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, 2024

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

No provisions raised by management.

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Y 2024	
	KShs	US\$
Salaries and wages	93,166,580	74,279,030
Medical supplies-Drawings Rights (KEMSA)	0	2,679,905
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,936,000.00	1,063,210
Utility bills	0	0
Total grants in kind	95,102,580	78,022,145

11. Rendering of Services-Medical Service Income

Description	Y 2024-2024	
	KShs	US\$
Pharmaceuticals	1,381,422.00	2,782,005
Non-Pharmaceuticals	1,345.00	445
Laboratory	1,705,650.00	1,605,100
Radiology	600.00	300
Orthopedic and Trauma Technology	200.00	250
Theatre	20,200.00	24,500
Accident and Emergency Service	25,850.00	86,800
Anesthesia Service	-	0
Ear Nose and Throat service	7,000.00	200
Nutrition service	-	0
Cancer centre service	-	0
Dental services	26,100.00	48,340
Reproductive health	22,100.00	128,860
Paediatrics services		400
Nhif	6,627,690	6,178,095
Other medical services income	3,048,269	1,139,636
Total revenue from the rendering of services	12,866,426	11,994,931

14. Miscellaneous Income

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

15. Medical/ Clinical Costs

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	248,624	504,659
Public health activities	0	0
Food and Ration	383,571	625,386.50
Uniform, clothing, and linen	0	4,000
Dressing and Non-Pharmaceuticals	1,629,855	328,761
Pharmaceutical supplies	1,519,537	0
Health information stationery	0	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	83,350	80,000
Purchase of Medical gases	81,525	12,450
X-Ray/Radiology supplies	0	0
Other medical related clinical costs (<i>drugs meds</i>)	1,936,000	3,743,115
Total medical/ clinical costs	5,882,462	5,300,371

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	2023/2024	2022/2023
	KSh	KSh
Salaries, wages, and allowances	93,166,580	74,279,030
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (<i>facility casuals</i>)	2,026,188	1,349,047
Employee costs	95,182,768	75,628,077

17. Board of Management Expenses

Description	2023/2024	2022/2023
	KSh	KSh
Chairman's Honoraria	0	0
Sitting allowance	58,000	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	58,000	0

Notes to the Financial Statements (Continued)

19.Repairs And Maintenance

Description	FY 2023/2024	FY 2024/2025
	Kshs	Kshs
Property- Buildings	382,200	316,310
Medical equipment	18,200	20,000
Office equipment	0	0
Furniture and fittings	17500	0
Computers and accessories	0	38,600
Motor vehicle expenses	4,000	95,800
Maintenance of civil works	0	0
Total repairs and maintenance	421,900	470,710

20. Grants and Subsidies

Description	FY 2023/2024	FY 2024/2025
	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>rev 20% to county</i>)	2,573,285	2,398,986.20
Total grants and subsidies	2,573,285	2,398,986.20

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Notes to the Financial Statements (Continued)

21. General Expenses

Description	2023	2024
Advertising and publicity expenses	0	0
Catering expenses	67,157	356,190
Cooking gas/charcoal	100,820	141,880
Insecticides and rodenticides	0	10,000
Audit fees	0	0
Bank charges	4,318	3,333
NHIF ACC.	23,519	43,857
Consultancy fees	0	0
Contracted services	667,500	567,000
Electricity expenses	380,000	1,019,000
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	86,785	40,000
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	0	9,450
Printing	412,900	300,000
stationery	268,724	0
Rent expenses	0	0
Water and sewerage costs	210,000	202,133
Skills development levies	0	0
Telephone and mobile phone services	190,000	123,500
Internet expenses	0	0
Staff training and development	0	0
Swaip	0	98,000
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
Total General Expenses	2,411,723	2,914,343

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Notes to the Financial Statements (Continued)

27. Cash And Cash Equivalents

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current accounts	3,363,567	6,131,614.60
On - call deposits	0	
Fixed deposits accounts	0	
Cash in hand	0	
Others(<i>specify</i>)- Mobile money	0	
Total cash and cash equivalents	3,363,567	6,131,614.60

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

Description	Financial institution	Account number	FY 2023/2024	FY 2022/2023
			KShs	KShs
a) Current account				
	Kenya Commercial bank	1157607691	1,972,333	5,449,960.
	Kenya Commercial bank	1266695311	1,295,200	663,069.00
	Family bank -Thika	001000054766	96,034	18,585.00
	total			6,131,614
b) Fixed deposits account				
	Bank Name			
	Sub- total			
c) Others(<i>specify</i>)				
	cash in hand			
	Mobile money- Mpesa, Airtel money			
	Sub- total			
	Grand total		3,363,567	6,131,614

NB. The closing balances are as at 31 July 2024 due to late disbursement of 4th quarter funds for financial year 2023/2024.

Notes to the Financial Statements (Continued)
28.Receivables From Exchange Transactions

Description	2024	2023
Medical services receivables	15,308,440	15,308,440
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	(0)
Total receivables	15,308,440	15,308,440

Analysis of Receivables From Exchange Transactions

Description	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%		%
Between 1- 2 years	0	%	4,358,052	28 %
Between 2-3 years	4,358,052	30%	5,502,233	36%
Over 3 years	10,950,388	70%	5,448,155	36 %
Total (a+b)	15,308,440	100%	15,308,440	100%

29. Receivables From Non-Exchange Transactions

Description	2024	2023
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

Notes to the Financial Statements (Continued)

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2023/2024		FY 2022/2023	
	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

30. Inventories

Description	FY 2023/2024		FY 2022/2023	
	Current FY	Comparative FY	Current FY	Comparative FY
Pharmaceutical supplies	2,905,153	1,700,000		
Maintenance supplies	0	0		
Food supplies	52,318	8,000		
Non-Pharmaceutical supplies	1,268,375			
Linen and clothing supplies	0	311,361		
Cleaning materials supplies	0	0		
Laboratory materials	136,757	243,914		
General supplies	87,290	20,000		
Less: provision for impairment of stocks	0	0		
Total	4,449,894	2,283,275		

Lari level 4 Hospital (Kiambu County Government)
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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and fixtures	Motor vehicles	Furniture, fittings and office equipment	ICT equipment	Plant and medical equipment	Financial assets	Total
	KSh	KSh	KSh	KSh	KSh	KSh	KSh	KSh
Cost								
At 1 July 2022 (previous year)	0	375,310	0	290,100	342,114	946,200	0	1,953,724
Additions								
Disposals								
Transfers/adjustments								
At 30th Jun 20XX	0	375,310	0	290,100	342,114	946,200	0	1,953,724
At 1 July 2023 (current year)								
Additions	0	0	0	0	290,000	237,243		527,243
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	375,310	0	290,100	632,114	1,183,443	0	2,480,967
Depreciation and impairment								
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

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2023 (current year)	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Disposals								
Impairment								
Transfer/adjustment	0	0	0	0	0	0	0	0
At 30 th June 2024	0	0	0	0	0	0	0	0
Net book values								
At 30 th Jun 2023 (previous)	0	375,310	0	290,100	342,114	946,200	0	1,953,724
At 30 th Jun 2024 (current)	0	375,310	0	290,100	632,114	1,183,443	0	2,480,967

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Trade payables	3,316,654		5,008,654.70	
Employee dues	0		0	
Third-party payments (<i>unremitted payroll deductions</i>)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	3,316,654		5,008,654.70	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	50,000	1%	1,118,182	22%
1-2 years	1,959,034	60%	3,091,254	61%
2-3 years	508,772	15%	251,420	7%
Over 3 years	798,848	24%	547,428	10%
Total	3,316,654	100%	5,800,654	100%

35. Refundable Deposits from Customers/Patients

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>) erroneous deposit	0		11,000	
Total deposits	0		11,000	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	11000	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	11000	100%

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	Insert Current	Insert
	FY	Comparative
	KShs	KShs
Surplus for the year before tax	1,438,870	3,304,589
Adjusted for:		0
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		0
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	1,438,870	3,304,589

43. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial

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statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Fully performing		
	Less than 1 month	Between 1 month and 3 months	Over 3 months
	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)			
Receivables from exchange transactions	15,308,440		
Receivables from –non-exchange transactions	0		
Bank balances	0		
Total	15,308,440		
At 30 June 2024 (current year)			
Receivables from exchange transactions	15,308,440		
Receivables from –non-exchange transactions	0		
Bank balances			
Total	15,308,440		

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1 month and 3 months	Over 3 months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables			5,008,654.70	5,008,654.70
Current portion of borrowings	0	0	0	0

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Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	5,008,654.70	5,008,654.70
At 30 June 2024				
Trade payables	0	0	3,316,654	3,316,654
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	3,316,654	3,316,654

(iii) Market risk

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

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

a) Foreign currency risk

No transactions with foreign currency.

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

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 *entity*, holding 100% of the *entity's* equity interest. The related parties include:

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

Description	Current Year Kshs	Prior Year Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to n/a	0	0
Sales of services to n/a	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0

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Description	Insert Current	Insert
	FY	Comparative
	Kshs	Kshs
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 n/a employees	0	0
Payments for goods and services for n/a	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

45. Segment Information

The hospital is in one geographical area lari- kirenga ward in Kiambu County but oversees administration management of 16 other rural facilities in Lari sub-county.
The Financial management and support of the facilities is done by the County government.

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.

50 Currency

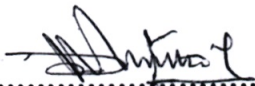
The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

20.Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference Number in External Audit Report	Item Description From Auditor	Management Comments	Status (Resolved/Not Resolved)	Resolution Date



Accounting Officer

Dr. Joseph Mwangi

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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 ward in progress		county				
2						

The wards are fully funded by the county government

Status of Projects completion

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

NB. The cost and percentage of completion is being handled at the county level by the works department.

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity KIAMBU COUNTY GOVERNMENT (HEALTH DEPARTMENT)
Name of Beneficiary entity. LARI LEVEL 4 HOSPITAL

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	25/9/2023			5,075,398.40	
	12/01/2024			1,244,904	
	19/4/2024			3,305,268.80	
	12/7/24			1,383,328	
Total				11,008,899.20	

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name RANAS NTUGUNA Sign [Signature] Date 15/7/2024

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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		

NB.No expenditure was incurred on the above item.

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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-Programme	Disaster Type	Category of disaster related activities that require expenditure reporting (Responsible body/institution/department)	Expenditure Item	Amount (KSh)	Comments

No disaster has been reported in the financial year.