

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

PAPERS LAID	
DATE	10/11/2023
OF Tabled BY	Majority Whip
COMMITTEE	-
BY AT THE TABLE	Innocent

THE AUDITOR-GENERAL

ON

MUKURWEINI SUB COUNTY HOSPITAL

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

COUNTY GOVERNMENT OF NYERI

18 JUL 2023

RECEIVED



MUKURWEINI SUBCOUNTY HOSPITAL
(Nyeri County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Table of Contents

I. <u>Key Entity Information and Management</u>	
II. <u>The Board of Management</u>	
III. <u>Management Team</u>	
IV. <u>Chairman’s Statement</u>	
<input type="radio"/> V. <u>Report Of The Chief Executive Officer</u>	
VI. <u>Statement Of Performance Against Predetermined Objectives</u>	
VII. <u>Corporate Governance Statement</u>	
VIII. <u>Management Discussion and Analysis</u>	
IX. <u>Environmental And Sustainability Reporting</u>	
X. <u>Report Of The Board Of Management</u>	
XI. <u>Statement Of Board of Management’s Responsibilities</u>	
XII. <u>Report of the Independent Auditor (specify entity name)</u>	
XIII. <u>Statement Of Financial Performance for The Year Ended 30 June 2022</u>	
XIV. <u>Statement of Financial Position as of 30th June 2022</u>	
XV. <u>Statement of Changes in Net Asset for The Year Ended 30 June 2022</u>	
XVI. <u>Statement of Cash Flows for The Year Ended 30 June 2022</u>	
XVII. <u>Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2</u>	
XVIII. <u>Notes To the Financial Statements</u>	
XIX. <u>Appendices</u>	

I. Key Entity Information and Management

(a) Background information

Mukurweini Subcounty Hospital is a level 4 hospital established under gazette notice number 12240 dated 8th October 2010 and is domiciled in Nyeri County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The following are the principal activities carried out by the facility:

- 24-hour inpatient and outpatient clinical services including maternity services
- Weekly specialist clinics (Medical, Surgical, Orthopaedic, Psychiatry, Gynaecology and Paediatric)
- Daily clinics such as TB, HIV, Nutrition, Maternal and Child health including Family Planning, Antenatal, Postnatal and Child welfare clinics (CWC)
- Dental services
- Theatre services
- Laboratory and radiology services
- Pharmacy

The vision and mission of the facility is as outlined below:

- **VISION:** An effective and High-quality health care system that is accessible, equitable and affordable for every Kenyan
- **MISSION:** To provide and participate in provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team (HMT)
- Others (*Hospital administrators*)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Duncan Kiarie Kagwa
2.	Head of finance	Catherine Wanjiku Thuo
3.	Head of supply chain	Milcah Wangu Weru
4.	Hospital Administrator	Wycliffe Mbae Kaburu

(e) Fiduciary Oversight Arrangements

The following are the existing key fiduciary oversight arrangements:

- I. The County Assembly Finance: This committee meets quarterly and scrutinises the hospital’s revenue collection and waiver allocations within the quarter. It is also responsible for the approval of hospital charges in the county.
- II. Nyeri County Department of Internal Audit: An auditor from this department visits the facility once every year to assess whether the revenue collection, and budget implementation comply with the given financial laws and regulations
- III. Office of the Auditor General (OAG): This committee also visits the facility once a year to check if the books of accounting present a true and fair view of the financial statues of the facility.

(f) Entity Headquarters

P.O. Box 139-10103,
Mukurwe-ini,
Nyeri County,
Kenya.

(g) Entity Contacts

Telephone: (+254) 720 747 323
E-mail: Mukurweini Hospital @ gmail.com

(h) Entity Bankers

Bank: Kenya Commercial Bank
Branch: Mukurweini
Account No.: 1175309648

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 112-10100
NYERI,
KENYA

II. The Board of Management

Director		Details
Chairman	Eng. Peter Kiama	Higher diploma in Mechanical Engineering and Executive MBA - independent member
Director 2	Dr Mundia Wahome	Bachelor of Medicine and Surgery - independent member
Director 3	Mr.Francis Gatangi	Bachelor of Science in Botany and Zoology - independent member
Director 4	Ms. Evah Mumbi Maina	Masters in Public Reproductive Health and Degree in Nursing and Public Health - independent member
Director 5	Ms. Julia Karoki	Degree in Purchasing and Supplies Management and CPA(K) - independent member
Director 6	Mr.Peter Ndiritu	Bachelor of Science in Mathematics and Chemistry - independent member
Director 7	Mr.Patrick Mbugua	Higher Diploma in Clinical Medicine Paediatrics and Epidemiology - independent member
Secretary/Director 8	Dr. Duncan Kiarie Kagwa	Bachelor of Dental Surgery

III. Management Team

Ref	Management		Details
1.	Manager 1	Dr Duncan Kiarie Kagwa	Medical Superintendent
3.	Manager 2	Wycliffe Mbae Kaburu	Health Administrator
4.	Manager 3	Eunice Wachira	Nurses Service Manager
5.	Manager 4	Catherine Wanjiku Thuo	Accountant

IV. Chairman's Statement

The 2021/2022 financial year (FY) was marked by a lot of progress in Mukurweini subcounty hospital that as a board, we are happy to have been part of. Indeed, major highlights took place in the areas of development and refurbishments, service delivery, human resource for health, financial management and overall staff motivation. Support from the Ministry of Health, Kenya saw the hospital benefit from the placement of what is now the largest oxygen plant in Nyeri county and installation of oxygen piping in the inpatient department and theatre. The latter would be followed by placement of a 3000 litre liquid oxygen cylinder that would be connected to the oxygen piping. With this, the budget for oxygen has really gone down and more importantly, the hospital is able to more promptly manage patients in need of oxygen. Additionally, thanks to the Nyeri county development grant, works towards renovation of the facility's kitchen and morgue also commenced, a project that indeed served to improve the ambience and working conditions within these two departments.

Another key highlight was an increase in the scope of specialist services offered in the facility following the posting of a psychiatrist and a new orthopaedic surgeon. Similarly, the facility benefited from the placement of 8 nurses during that period, including a trained accident and emergency nurse who now oversees the running of the casualty department and has been able to offer mentorship to the other nurses working in the unit. All this has certainly led to improved service delivery within the facility.

I must commend the hospital management for through a unified team spirit, they were able to work within the allocated yearly budget and close the year without any major accrued debts. Through the help of the county government, they were also able to half the previously accumulated pending bills thus rebuilding trust with various suppliers of essential goods and services. This ensured smoother running of hospital operations.

The key successes seen during that year include but are not limited to the following:

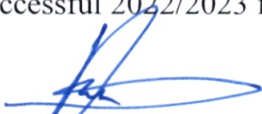
- Improved quality of clinical care of patients following better medical infrastructure and an increase in the health workforce
- Reduction of the hospital's accrued pending bills
- Incorporation of private medical insurance schemes such as AON-Minet and Britam into service delivery.
- Team- building between the hospital management and the management board

The highlights and success stories listed above were achieved despite major challenges such as limited financial resources and political interference especially during the election campaign season. It is also important to note that the hospital operated throughout the year with a hospital management information system (HMIS) that was quite challenging to use due to frequent downtimes, inability to properly track revenue collection by departments and inability to generate monthly reports.

In the new financial year 2022/2023, the hospital board aims to help the facility start a journey of using renewable sources of energy which would help cut down their expenditure and see that the money saved is diverted towards urgent medical needs. It is therefore the year in which the board hopes to see the hospital 'go green' in its daily operations and cut down cost through activities such as:

- Use of solar energy for lighting
- Placement of a biodigester
- Placement of a bulk gas cylinder

I would like to thank the Governor's office for the opportunity to serve in this board as chair, the Nyeri County Department of health sciences and the Mukurweini hospital management team for working together to ensure smooth running of services during the 2021/2022 financial year. I look forward to an even more successful 2022/2023 financial year.



Eng. Peter Kiama,
Chairman,
Mukurweini Hospital Management Board.

V. Report of The Chief Executive Officer

I am happy to report that Mukurweini hospital made great strides in the year 2021/2022 with the support from the Nyeri county and national governments, local leaders and a number of private non-governmental organisations (NGOs) such as Grounds for Health, Centre for Health Solutions-Kenya (CHS) and Rotary club (special mention of Rotary Club of Muthaiga North). There were major highlights marked during the year in the areas of curative services, health preventive and promotional services, development and improvement of infrastructure and corporate engagement.

The placement of additional specialised staff in the facility, notably 3 medical consultants (1 psychiatrist, 1 obstetrician and gynaecologist and 1 orthopaedic surgeon) led to a sure improvement in the quality of care in the mental health, maternal health and surgical departments. The mental health department notably expanded its services to include a weekly forensic clinic, a service that was previously unavailable in Mukurweini sub-county. The health workforce further got a boost following the placement of 8 additional nurses in the facility, some who had undergone specialised training such as in accident and emergency care. I wish to thank the Nyeri County Department of Health Services for their continued support even as we lobby for placement of other specialists in the facility such as an ophthalmologist, Ear, Nose and Throat (ENT) surgeon and anaesthetist. With the increase in scope of clinical services offered, there was an obvious strain on the 4 medical officers working in the facility (now 3) and we hope that the hospital will be supported with an additional 2 or 3 in this new FY.

The facility not only focused on improvement of curative services but also that of preventive and promotive services. The COVID-19 pandemic was still rampant during the 1st half of the FY and the management and staff tightened their belts to assist in controlling spread of the disease within the community. In that year, a total of 25,487 people were vaccinated against COVID-19 in the facility. With support from Grounds for health, the year was also marked with rampant cervical cancer screening activities, managing to reach and screen a total of 723 women.

Additionally, a number of development projects also took place during the 2021/2022 FY. The greatest project was probably implemented through a partnership between the Kenya Ministry of Health and the French government termed the 'FSE Project'. Through this project, a large oxygen plant with the capacity of generating 540litres per minute of oxygen was set up, the laboratory was equipped with a haematology analyzer, biochemistry analyser, and Blood Gas Analysis (BGA) analyser and also expanded to accommodate placement of an autoclave machine which has since been delivered. Furthermore, the construction and equipping of a modern incinerator was done through the same project. Other than that, BOC gases came in and put in place oxygen piping and ports in the wards and theatre, a project that would later see to it that liquid oxygen is delivered directly from a large 3000 litre cylinder to the patients. To complete or actualize the BOC project, the county government supported the facility in purchasing roughly 90 oxygen flow meters to be used for bedside oxygen delivery. I wish to commend what seemed to be a well-thought out and calculated collaboration between the national government, county government and BOC in improving the medical infrastructure in the facility.

Smaller developmental projects implemented within that year included renovation of the inpatient toilets including the disability toilets, upgrade of the hospital boardroom through purchase of boardroom chairs, window blinds and with support from CHS, conferencing equipment such as a television screen, camera and laptop. Following a crisis faced by the hospital towards the end of the FY where all the morgue coolers had broken down, 2021/2022 was also the year when all the 4 morgue coolers were repaired, 2 of which had not been operational for more than 5 years.

With the official adoption of the Nyeri Facility Improvement Fund (FIF) at the beginning of the FY, it was not certain how the hospital would be able to run effectively with minimal support from the county government and in our case particularly, with a heavy burden of pending bills that was roughly Ksh 15,000,000 at the start of the year. This uncertainty demanded for a high level of financial prudence and putting in strategies to reduce wastage of resources and raise revenue. This way, the hospital managed to offset roughly Ksh 7,000,000 worth of pending bills (~Ksh 2,000,000 from the hospital revenue and ~ Ksh 5,000,000 from a county grant). The hospital managed to collect a total of Ksh 39,202,793 during the 2021/2022 FY (Ksh 27,537,463 as cash and Ksh 11,665,330 through NHIF). Although the utility of the same is yet to pick up, the facility managed to also incorporate private insurance companies such as AON-Minet and Britam for payment of services sought by corporate clients. Remarkably, the hospital's expenditure during the year was within the revenue collected and in fact at the close of the year, there was a surplus of Ksh 1,055,188, giving the facility a financial head start during the 2022/2023 FY.

That said, the following were the major successes that the facility reported during that FY:

- Improved financial management that saw the pending bills drop by half and ensured no accrued pending bills within the 2021/2022 FY
- Incorporation of private medical insurance schemes (AON-Minet and Britam)
- Improved hospital infrastructure
- Improved clinical service delivery

The greatest challenge faced during the year was perhaps having started the year with huge pending bills that caused a lot of apprehension among various service providers, sometimes leading to an interruption in service delivery. This also meant that resources that would have otherwise been used to develop the facility or improve curative services during that particular year had to be used to offset some of the accumulated pending bills.

The following mark the way forward for the facility in the 2022/2023 FY:

- The hospital management aspires to improve revenue collection by roughly 20% to around Ksh 47,000,000 in the 2022/2023 FY. We envision doing this by minimising stock out periods, equipping our orthopaedic department so as to get maximum returns from NHIF surgical packages, sealing loopholes that lead to revenue loss such as creating awareness among our clients on cashless payments and receipting for any payment made, encouraging utilisation of services by corporate

clients using private insurance companies by creating express queues and putting in place expenditure cost-cutting measures such as use of solar lighting and bulk cooking gas.

- Explore more Public-Private Partnerships (PPPs) to help improve the outlook of the facility through the ‘Adopt a ward’ concept. Identified partners to approach include private donors, Safaricom foundation, Rotary clubs and NGOs in the environmental sector. The latter can specifically fund ‘go green’ projects such as installation of solar panels.
- Lobby the County Government to assist in offsetting the remaining pending bills for the years preceding the 2021/ 2022 FY (approximately Ksh 6,885,195).

I take this opportunity to thank all who have played and continue to play a role in achieving the hospital’s vision of being an effective and high quality healthcare system that is accessible, equitable and affordable for all. Special thanks to the Nyeri County Government through the Department of Health Services, the various local leaders, corporate organisations, members of the hospital’s Board of Directors and Hospital Management Team for their good will and unwavering support.



Dr Duncan Kagwa,
Medical superintendent.

VI. Statement Of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives.

Mukurweini hospital had *two* strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 1st July 2021 to FY 30th June 2022. These strategic pillars/ themes/ issues are as follows:

- I. Pillar /theme/issue1: NYERI COUNTY INTEGRATED DEVELOPMENT PLAN 2018-2022
- II. Pillar/theme/issue 2: STRATEGIC PLAN NYERI COUNTY GOVERNMENT 2013-2018

Mukurweini hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/NYERI COUNTY INTEGRATED DEVELOPMENT PLAN 2018- 2022	An effective and high quality health care system that is accessible, equitable and affordable for every Kenyan	Health system planning and support service	No hospital board meeting	4
			No Hospital management team meetings	12
			No of EEC meetings held	4
		Preventive and promotive health services	General Outpatient services	55816 patients
			Maternal and child health care	7154 patients
			Specialised Outpatient services	18760 patients
			In-patient Services	20876 patients
			Laboratory services	20876 clients

			Radiology services	26181		
		Curative and Rehabilitative Service	Physiotherapy	8124		
			Occupational therapy	5446		
Pillar/ theme/ issue 1: STRATEGIC PLAN - NYERI COUNTY GOVERNME NT	Achieve a prosperous people in a secure health environment	Eliminate communicable diseases	-Reduce new HIV infections	1617		
			-Create demand and uptake of immunisation services	316		
			-Improve disease surveillance, epidemic preparedness and response	52		
		Halt, and reverse increasing burden of Non-communicable conditions	Reduce the burden of Violence & Injuries	Provide Essential Health services	-Promote community education and screening for cancers	31294
					-Strengthen the capacity of health facilities to respond to emergencies	2767
					-Promote IPC and patient safety at all levels of service delivery	237
					-Improve Data quality and management	12
	Minimise exposure to health Risk factors			-create awareness on unsafe sexual practices, particularly among the most at-risk populations	104	
				000		

			-Promote exclusive breastfeeding	
		Strengthen collaboration with other Sectors that have an impact on health	-Strengthen stakeholders' participation in health-related issues -Promote Public Private Partnership in the renovation, refurbishment and expansion of our facilities	4 3

VII. Corporate Governance Statement

Board of Management

The Hospital Board of Management held eight meetings in the last financial year 2021/2022. Five were held virtually and three at the Hospital Boardroom. The attendance was 95% with apologies from the absentees.

Members representing various organisations were nominated by the CECM Health and appointed by the Governor according to the Nyeri County Health Services Act 2015 Sec (9) and is composed of 9 members. The chairperson is nominated by the CECM. The board members serve a term of three years and the membership can be renewed for one more final term of three years.

A member can be removed from office for the following reasons:

1. if one resigns by issuing a month notice in writing to the Executive secretary
2. Be removed from office by the Executive secretary on advice by the CECM team in consultation with the Governor for;
 - Serious violation of the constitution
 - Gross misconduct
 - Physical or mental incapacity to perform functions of the office
 - Being absent from three consecutive meetings of the Board without permission from the chairman
 - Incompetency
 - Bankruptcy

The functions of the board include:

- I. Providing oversight over the administration of the hospital
- II. Promoting the Development of the hospital
- III. Approving plans and programs for implementing county health strategies in the hospital
- IV. Approving estimates before submission to the chief officer
- V. Carrying out any other function assigned by the county secretary

Conflict of interest

Members of the Board declared any conflict of interest before their induction into office and that they would not be directly or indirectly involved in any trading businesses with the Hospital. The committee member shall comply with the conduct governing public officers.

The board members were inducted and trained on their roles and responsibilities in the financial year 2020/2021. Members were paid their allowances according to salaries and remunerations commission guidelines which includes sitting allowance, transport and lunch allowances as stipulated in the table below;

Allowance		Level 5 hospitals (Kshs)	District Hospitals (Level 4) (Kshs)	Sub-District Hospitals (Level 3) (Kshs)
Sitting Allowances	Chairman	7,500	4,000	2,000
	Members	5,000	2,500	1,500
Lunch(where Lunch is not provided)	Chairperson and members	1,000	500	500

ACHIEVEMENTS

During the year 2021/2022 the Hospital board had the following achievements;

- Members provided oversight through frequent meetings with the management and walk arounds in the facility to evaluate progress.
- Reviewed and approved budgets presented to them during that financial year.
- They lobbied for the supply and placement of the oxygen flow metres in the hospital.
- Upgrading of the Hospital board room was done.

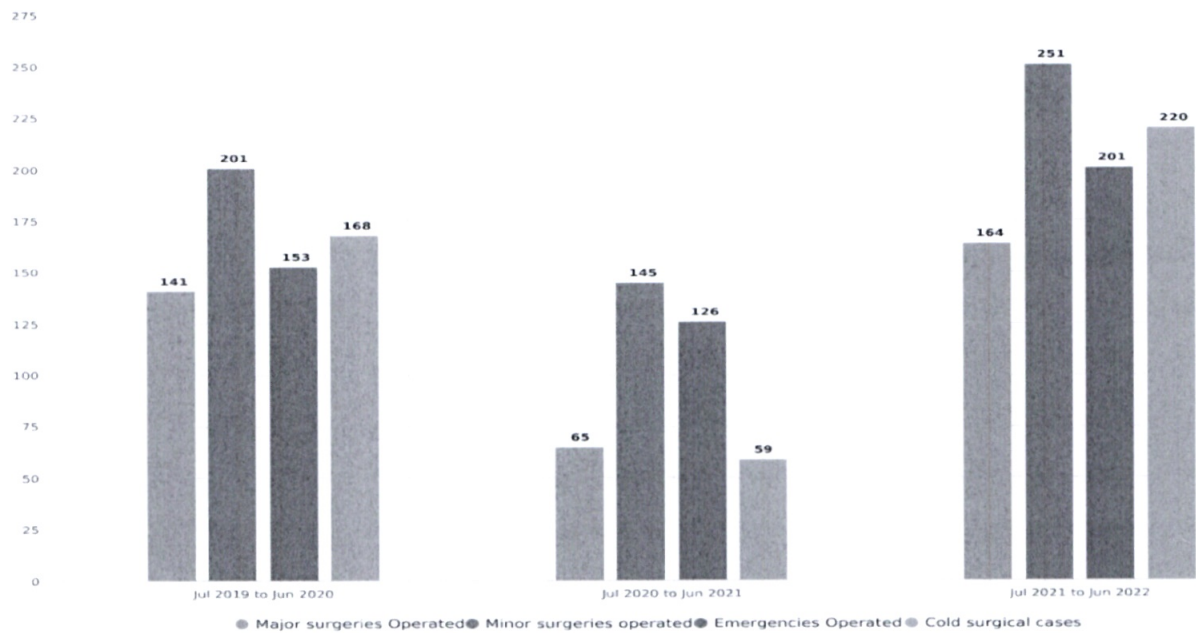
VIII. Management Discussion and Analysis

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years. Some of the details to be included under this section are;

CLINICAL/OPERATIONAL PERFORMANCE

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

SURGICAL THEATRE UTILISATION

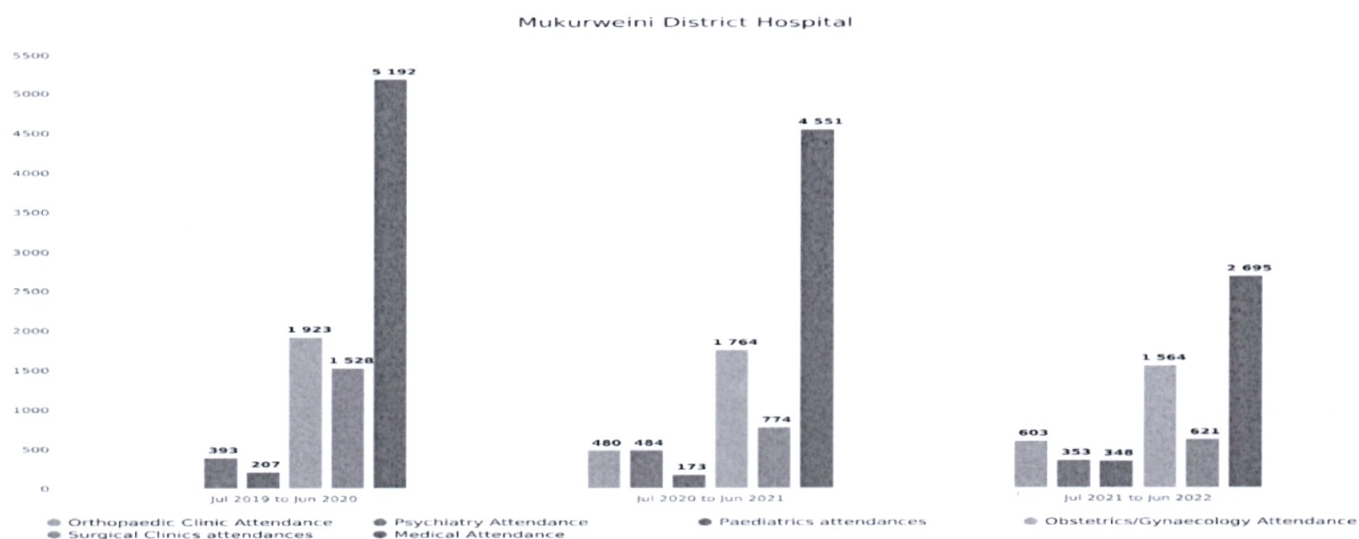


HOSPITAL BED CAPACITY

The hospital have four ward

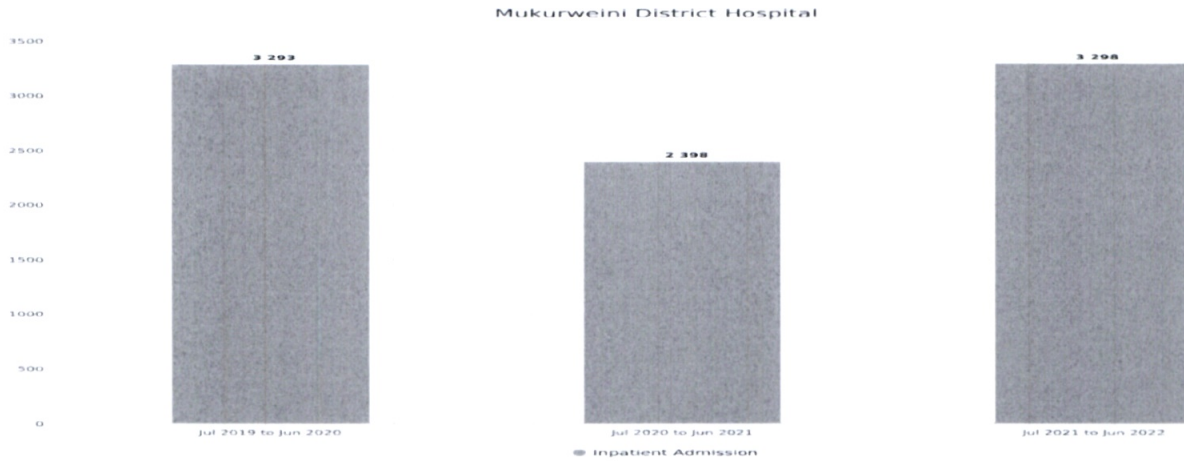
	AUTHORISED	AVAILABLE	% OCCUPANCY	AVERAGE
MALE WARD	36	36	72%	6 Days
FEMALE WARD	36	36	63%	6 Days
PAEDIATRIC WARD	36	36	37%	5 Days
MATERNITY WARD	36	24	44%	4 Days
TOTAL	144	132	57%	6 Days

SPECIAL CLINICS ATTENDANCE



FACILITY TOP TEN OUTPATIENT MORBIDITY

	Jul 2018 to	Jul 2019 to	Jul 2020 to	TOTAL
Upper Respiratory Tract Infections	6381	5776	1369	13526
Arthritis, Joint pains etc.	3851	4025	1257	9133
Other injuries	2171	2939	1095	6205
Disease of the skin	1768	1442	303	3513
Urinary Tract Infection	1428	1585	410	3423
Other Dis. Of Respiratory System	950	1500	309	2759
Pneumonia	1181	947	194	2322
Diarrhoea	1030	795	170	1995
Asthma	817	813	296	1926
Tonsilitis	307	540	204	1051



FINANCIAL PERFORMANCE

The hospital received revenue from the following revenue sources:

- NHIF
- Insurance companies (Britam, AON- Minet)
- Cash collection from patients
- County grants.

Utilisation of funds

During the 2021/2022 FY, the facility collected KSHS, 39,149,587. Out of this, 3% (Shs 1,174,487.60) was retained at the Health department’s headquater for Fund Administration and 20%(7,595,020) of the balance was retained for Rural Facilities. Therefore the hospital was left with a net balance of 30,380,079.40. However, of this, the hospital received 28,371,862 and the balance of 2,008,217.40 was received in the following financial year. Further, out of the 28,371,862 received, the hospital utilised Shs 25,706,302 and the balance of 2,665,560 was ploughed back the following financial year.

The Hospital further received kshs 10,000,000 as grant from the Nyeri County. Kshs 9,124,702 of this grant was utilised and the balance was brought forward to this financial year 2022-2023

IX. Environmental And Sustainability Reporting
Two-to-three pages)

Environmental policies exist 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.

Sustainability strategy and profile

In a bid to operate in a more sustainable manner and guided by international best practices such as those outlined in the Global Agenda for Green and Healthy Hospitals, Mukurweini Subcounty Hospital has put in place the following sustainability efforts:

No.	Strategy	Status	Remarks
1.	Encouraging clients to enrol into the National Health Insurance Fund (NHIF) an making this a mandatory requirement prior to processing any waiver request	Ongoing	<ul style="list-style-type: none"> This is especially helpful to patients with chronic illnesses as it ensures that they are always able to afford most healthcare services they later require
2.	Putting up solar security lighting	Pending	<ul style="list-style-type: none"> To be done as soon as the financial resources are secured
3.	Use of LED and energy saving bulbs in areas with high foot traffic that require continuous lighting at night	Partly implemented	<ul style="list-style-type: none"> These efforts started in the 2021/2022 FY and we intend to continue with the same in the new FY. Has helped reduce the consumption

			of electricity and frequent replacement of electric bulbs
4.	Limiting use of paper	Ongoing	<ul style="list-style-type: none"> ● We encourage transfer of letters through emails and printing is only done when necessary. ● Projecting minutes and agenda during meetings other than printing the same for members.
5.	Procuring and serving patients with healthy food that is sustainably and locally grown, also considering seasonal agricultural trends	Ongoing	<ul style="list-style-type: none"> ● Ensures a steady supply of food products ● Encourages a healthy diet for patients admitted in the facility.

Limited resources and the existence of old structures/ buildings that have been in place for many years pose a challenge in implementing the facility’s priorities in ensuring sustainability. For example, significant resources are needed to replace the asbestos roofs still existing in some parts of the facility. Additionally, soak pits that are smaller than the actual size required for effectively managing the facility’s waste are constructed, affecting the sustainability of the same.

Due to the challenges stated above, the management has failed to clear all the asbestos roofing, put intended waste recycle strategies such as biogas and implement its plans to start utilization of solar electricity.

Environmental performance

The hospital is guided by the Public Health Act cap 242 section 118 and the Kenya Healthcare waste management policy and has perceived the following successes:

- I. Improved waste management through construction of a modern incinerator
- II. Proper planning by the transport manager to limit trips made by the hospital's utility vehicle in order to reduce the environmental pollution caused by the same. The planning ensures that once the vehicle leaves the facility, it is used to run the maximum number of errands possible before returning.
- III. Minimising use of papers during meetings and encouraging email communication between offices
- IV. Expired pharmaceuticals are safely managed and disposed of to avoid environmental pollution. The pharmacy department is tasked with documenting the expired drugs in an official form (Form 58) and liaising with the county or suppliers for their safe disposal mainly through incineration.

The shortcomings observed include the following:

- I. Improper/ suboptimal waste segregation at the departmental level requiring continuous training sessions
- II. Air pollution during the incineration of waste
- III. Overflowing septic tank caused by faulty soak pits that occasionally leads to leakage of waste into the adjacent land. This at times requires facilities to outsource waste exhauster services.

Market place practices-

a) Responsible competition practice.

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

- Adopting effective procurement process policies in accordance with public procurement and disposal Act 2021 to achieve value for money.
- capacity building for procurement entities
- ensuring close supervision on every stage of the procurement process
- ensuring proper record keeping of all documents
- Formation of anti-corruption committee.

b) Responsible Supply chain and supplier relations

In the last financial year 2021/2022 the hospital ensured that there was open communication between the suppliers and the facility. There was responsiveness to any market changes especially when the prices of both goods and services went high.

The hospital made the necessary adjustment to agreements in consultation with the County procurement officer and the chief officer.

Ensured that there was availability of funds to facilitate payments upon completion of awarded contracts.

The hospital prepared and submitted documents on time to the finance department and fast tracked the payment process.

c) Responsible marketing and advertisement

- The hospital protects suppliers data
- being transparent to the suppliers
- Follow the legal regulations i.e submit the documents within the given time frame of 7days for quotations or 14 days for open tenders.

Product stewardship

The hospital ensured that any product from suppliers was well packaged to minimize the health,safety and environmental impacts.On the other hand the facility ensured that all wastes was well segregated and disposed accordingly.

Corporate Social Responsibility / Community

During the financial year 2021/2022 the hospital in partnership with Grounds for health and Marie stopes conducted a free cervical screening to the community.

X. Report of The Board of Management

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

Principal activities

The principal activities of the Hospital Management Board as outlined on page 27 of the Nyeri County Health services Act 2015 are:

- I. Providing oversight over the administration of the hospital
- II. Promoting the development of the hospital
- III. Approving plans and programs for implementing county health strategies in the hospital
- IV. Approving estimates before submission to the chief officer
- V. Carrying out other functions assigned by the Executive Secretary

Results

The results of the entity for the year ended June 30 are set out on page 19

Board of Management

The members of the Board who served during the year are shown on page 7. During the year 2021/2022 one of the members (Reverend John Wathanga) passed on and his position as a representative of faith-based organisations has since not been filled.

Auditors

The Auditor General is responsible for the statutory audit of the *board* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. During the 2021/2022 FY no Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Mukurweini Hospital Management Board* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board.

Statement of Board of Management's Responsibilities

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

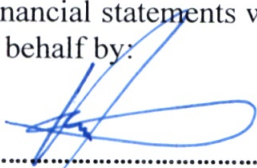
The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining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

The Board of Management accepts responsibility for the *entity'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, International Accounting Standards (IAS), Generally Accepted Accounting Standards (GAAS) and the Nyeri County Health Services Fund. The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of the entity's transactions during the financial year ended June 30, 2022, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

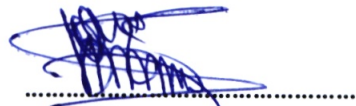
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 28th July, 2022
and signed on its behalf by:



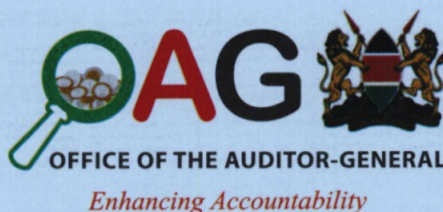
.....
Name: Eng. Peter Kiama
Chairperson
Board of Management



.....
Name: Dr. Duncan Kagwa
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 MUKURWEINI SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF NYERI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukurweini Sub County Hospital - County Government of Nyeri set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2022, and statement of financial performance, statement of changes in net assets, statement of cash flows, the statement

Report of the Auditor-General on Mukurweini Sub County Hospital for the year ended 30 June, 2022 – County Government of Nyeri

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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mukurweini Sub County Hospital – County Government of Nyeri as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis Qualified for Opinion

Non-Disclosure of Property, Plant and Equipment

The financial statements provided for audit did not include the Hospital's property, plant and equipment as at 30 June, 2022. However, physical verification carried revealed that the Hospital had assets with undetermined value that has not been disclosed in the financial statements.

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

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

Key Audit Matter

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

Other Matter

Budgetary Controls and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.49,868,278 and Kshs.38,371,862 respectively resulting to an under-collection of Kshs.11,496,416 or 23% of the budget. Similarly, the Hospital expended a total of Kshs.34,831,009 against an approved budget of Kshs.49,868,278 resulting to an under-expenditure of Kshs.15,037,269 or 30% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

During the year under review, the Hospital had not established an internal audit department. This is contrary to Regulation of the Public Finance Management (County Governments) Regulations, 2015 which stipulates the role of the internal audit as reviewing and evaluating budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities.

In the circumstances, the Hospital is in breach of the regulation.

2. Non-Compliance with Universal Health Care Services Delivery

Review of service output from the Kenya Health Information System (KHIS) against basic essential healthcare services that Hospital offers revealed that the hospital does not offer some of the services accredited to a Level 4 hospital. This is contrary to Gazette Notice No. 786 Vol.CXXII No. 24 of 4th February, 2020 that provides for classification of healthcare facilities including the basic essential primary services each level should carry out.

In the circumstances, the Hospital is in breach of the regulation.

3. Lack of a Risk Management Policy

During the year under review, the Hospital did not have a risk management policy in place. This is contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the Hospital is in breach of the regulation.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, and based on the audit procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

13 October, 2023


XII. Statement of Financial Performance for The Year Ended 30 June 2022

Description	Notes	2021/22 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	5	10,000,000
In- kind contributions from the County Government	6	9,762,353
		19,762,353
Revenue from exchange transactions		
Rendering of services- Medical Service Income	7	39,125,587
Revenue from rent of facilities	8	24,000
		39,149,587
Total revenue		61,269,340
Expenses		
Medical/Clinical costs	9	17,388,832
Employee costs	10	14,090
Board of Management Expenses	11	417,700
Repairs and maintenance	12	4,082,512
Grants and subsidies	13	8,769,507
General expenses	14	25,119,353
Total expenses		55,791,994
Net Surplus for the year		5,477,346

The Hospital's financial statements were approved by the Board on _28/07/2022 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No
 18296



Medical Superintendent


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

Description	Notes	2021/22 Kshs
Assets		
Current assets		
Cash and cash equivalents	15	3,676,723
Receivables from exchange transactions	16	2,357,400
Receivables from non-exchange transactions	17	2,008,218
Inventories	18	6,749,325
Total Current Assets		15,193,106
Total assets		14,791,666
Liabilities		
Current liabilities		
Trade and other payables	19	9,314,320
Total Current Liabilities		9,314,320
Net assets		
Accumulated surplus/Deficit		5,477,346
Total Net Assets and Liabilities		14,791,666

The Hospital's financial statements were approved by the Board on __28th July, 2022__ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:
 18296




Medical Superintendent

XIV. Statement of Changes in Net Asset for The Year Ended 30 June 2022

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	5,477,346	-	5,477,346
Capital/Development grants	-	-	-	-
At June 30, 2022	-	5,477,346	-	5,477,346

The Hospital's financial statements were approved by the Board on 28th July 2022 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:
18296



.....
Medical Superintendent

XV. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22 Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government-Grant		10,000,000
Transfers from the County Government - Medical Service Income		28,371,862
Total Receipts		38,371,862
Payments		
Medical/Clinical costs		7,819,672
Employee Costs		14,090
Board of Management Expenses		417,700
Repairs and maintenance		3,877,662
General expenses		22,701,885
Total Payments		34,831,009
Net cash flows from operating activities		3,540,853
Cash flows from investing activities		
Net increase/(decrease) in cash and cash equivalents		3,540,853
Cash and cash equivalents at 1 July		111,150
Cash and cash equivalents at 30 July 2022		3,676,723

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 28th July 2022 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:
18296


.....
Medical Superintendent


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

Description	Original	Adjustment	Final budget	Actual on	Performanc	% of
	a	b	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	10,000,000	-	10,000,000	10,000,000	-	100%
Rendering of services- Medical Service Income		-	39,918,278	28,371,862	11,546,416	71.1%
Total income	49,868,278	-	49,868,278	38,371,862	11,546,416	77%
Expenses						
Medical/Clinical costs	16,417,633	-	16,417,633	7,819,672	8,597,961	47.6%
Emlovee costs		-		14,090	50,910	21.7%
Remuneration of directors	724,000	-	724,000	417,700	306,300	57.7%
Repairs and maintenance	10,361,578	-	10,361,578	4,082,512	6,483,916	37.4%
General expenses	22,350,067.	-	22,350,067	22,701,885	(351,818)	101.6%
Total Expenses			49,868,278	34,831,009	15,037,269	69.8%
Surplus for the period	-	-	-	3,540,853	-	%

The notes set out on pages x to xx form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on ___28th July 2022___ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

XVII. Notes To the Financial Statements

1. General Information

Mukurweini Sub County Hospital entity is established by and derives its authority and accountability from Health Services Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of health services

2. Statement Of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> ● <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> ● IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives</p>

Standard	Effective date and impact:
	<p>a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022

4. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery

of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021-2022 was approved by the Board on **28th July 2022**. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are

depreciated over a period of ... years. Investment properties are derecognized either when they have been

Notes to the Financial Statements (Continued)

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.

d) Property, plant and equipment

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

e) Leases

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

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

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

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

f) Intangible assets

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

Notes to the Financial Statements (Continued)

g) 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.

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

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

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year.

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)

Notes to the Financial Statements (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

5. Transfers From The County Government

Description	2021/22
	KShs
Unconditional grants	
Operational grant	10,000.000
Total government grants and subsidies	10,000.000

6 Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			KShs	KShs	KShs
Nyeri County Government	10,000,000	00.00	10,000,000	10,000,000	-
Total	10,000,000	00.00	10,000,000	10,000,000	-

6. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical and Non-Pharmaceutical Supplies	7,837,363	-
Utility bills	1,924,990	-
Total grants in kind	9,762,353	-

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

7. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	KShs	KShs
Revenue From Offering of Medical Services	39,125,587	-
Total revenue from the rendering of services	39,125,587	-

(other medical services fee relates to other charges not listed above)

8. Revenue From Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property	24,000	-
Total Revenue from rent of facilities	24,000	-

9. Medical/ Clinical Costs

Description	2021/22
	KShs
Dental costs/ materials	46,300
Laboratory chemicals and reagents	2,276,286
Food and Ration	4,847,895
Uniform, clothing, and linen	199,060
Dressing and Non-Pharmaceuticals	4,451,082
Pharmaceutical supplies	4,020,951
Sanitary and cleansing Materials	322,740
Purchase of Medical gases	261,900
X-Ray/Radiology supplies	962,616
Total medical/ clinical costs	17,388,832

10. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	14,090
Employee costs	14,090

Notes to the Financial Statements (Continued)

11. Board of Management Expenses

Description	2021/22
	KShs
Sitting allowance	256,700
Mileage	161,000
Total	417,700

12. Repairs And Maintenance

Description	2021/22
	KShs
Property- Buildings	809,745
Medical equipment	1,636,144
Furniture and fittings	190,790
Computers and accessories	854,773
Motor vehicle expenses	591,060
Total repairs and maintenance	4,082,512

Notes to the Financial Statements (Continued)

13. Grants And Subsidies

Description	2021/22
	KShs
Other grants and subsidies-fund administration	1,174,488.
Health Centres and Rurals	7,595,019.
Total grants and subsidies	8,769,507.

14. General Expenses

Description	2021/22 KShs
Catering expenses	34,145.00
Insecticides and rodenticides	12,700.00
Bank charges	25,230.00
Contracted services	9,823,828.00
Electricity expenses	5,195,966.00
Travel and accommodation allowance	1,227,138.00
Printing and stationery	2,104,666.00
Water and sewerage costs	2,230,130.00
Telephone and mobile phone services	404,000.00
Gas Expenses	1,431,550.00
Fuel and Lubricants	2,600,000.00
Household Appliances	30,000.00
Total General Expenses	25,119,353.00

Notes to the Financial Statements (Continued)

15. Cash And Cash Equivalents

Description	2021/22
	KShs
Current accounts	3,676,723
Total cash and cash equivalents	3,676,723

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

Description		2021/22	2020/21
Financial institution	Account number	KShs	KShs
a) Current account	1175309648		
Kenya Commercial bank		3,676,723	-
Sub- total		3,676,723	-
Grand total		3,676,723	-

16. Receivables From Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Other exchange debtors – NHIF	2,357,400.	-
Total receivables	2,357,400.	-

Notes to the Financial Statements (Continued)

17. Receivables From Non-Exchange Transactions

Description	2021/22	2020/21
	KShs	KShs
Transfers from the County Government	2,008,218	-
Total	2,008,218	-

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

18. Inventories

Description	2021/22	2020/21
	KShs	KShs
Pharmaceutical supplies	6,440,015	-
Food supplies	124,050	-
General supplies	185,260	-
Total	6,749,325	-

Notes to the Financial Statements (Continued)

19. Trade And Other Payables

Description	2021/22
	KShs
Trade payables	9,314,320
Total trade and other payables	9,314,320

Notes to the Financial Statements (Continued)

20. Financial Risk Management

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

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

) Credit risk

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

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

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

(ii) Liquidity risk management

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

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

(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.

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

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

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

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

iv) Capital Risk Management

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

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

21. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

Notes to the Financial Statements (Continued)

22. Events After The Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

XVIII. Appendices

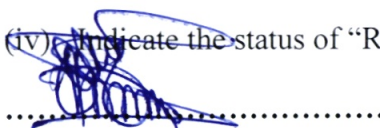
Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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

.....

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

1.

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. COVID PROJECT		French Government partnered with MOH	5 years	<ul style="list-style-type: none"> • Placement of oxygen plant. • Construction of waste management incinerator • Equipment of Laboratory(Haematology machine,BGA,Biochemistry analyzer,Autoclave) • Radiology(Portable Ultrasound) • placement of 5&3 crank Hospital beds • 5 Patient monitors1 	No	Yes
2.BOC PROJECT		BOC	1 Year	<ul style="list-style-type: none"> • Oxygen piping in the wards and Theatre • Placement of 3000lts Oxygen cylinder 	No	Yes

**Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022**

Status of Projects completion

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

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

Mukurwe-ini Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

APPENDIX IV: Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]
 [Insert Address]

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

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

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

Head of Accountants department of beneficiary entity:

Name SignDate

APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

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

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

APPENDIX VI Disaster Expenditure Reporting Template

Date: _____
Entity: _____

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