

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

LOPIDING LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF TURKANA

| PAPERS LAID | |
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| DATE | 6/13/2025 |
| TABLED BY | Dep Maj Whip |
| COMMITTEE | |
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LOPIDING LEVEL 4 HOSPITAL

(Turkana County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |
| QI | Quality Improvement |
| NHIF | National Health Insurance Fund |

2. Key Entity Information and Management

(a) Background information

Lopiding Level 4 Hospital is a level 4 hospital established under gazette notice number Vol.CXXII-No. 24 and is domiciled in Turkana County under the Medical Service Department. The hospital is governed by Hospital Management Committee.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to promote and participate in the provision of integrated and high quality, promotive preventive, curative, rehabilitative healthcare services to all Kenyans.

Mission

To promote and participate in the provision of integrated and high quality, promotive preventive, curative, rehabilitative healthcare services to all Kenyans.

Vision

Efficient and high-quality healthcare system that is accessible and affordable for every Kenyan.

Core Objectives

1. Provide integrated services
2. Provide safe patient centered care
3. Provide efficient community linkage.

(c) Key Management

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

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

(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. Nyafuono Gaudensia Mary |

| No. | Designation | Name |
|-----|-------------------------------|---------------------------|
| 2. | Head of finance | Michael Logilae |
| 3. | Health Administrative Officer | Jackson Mwale |
| 4. | Head of Nursing services | Erongat Lawrence Lokuruka |

(e) Fiduciary Oversight Arrangements

Quality Improvement Team

There is a quality improvement team comprising of various heads of departments, the CEO being the chairperson and the matron being the secretary. This team is obliged to improve the speed of decision-making and increase commitment for quality improvement. The roles and responsibilities of this committee is training of hospital staff, conducting situation analysis before implementation of QI approach, implementing Quality Improvement activities for common problems of the hospital, providing necessary inputs for QI activities, reviewing situation and the action plan et cetera.

The team implements changes, monitors their effects, and continuously evaluates and adjusts their approach to drive ongoing improvements in quality of care. Additionally, they ensure compliance with regulatory standards and accreditation requirements.

○ **Key Entity Information and Management (continued)**

(f) Entity Headquarters

P.O. Box 98-30503
Lokichoggio, Turkana
KENYA

(g) Entity Contacts

Telephone: (+254) 792 265 301
E-mail: lopidinghosp@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Lodwar, Branch.



(i) Independent Auditors

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

(j) County Attorney

P.O. Box. 11-30500,
Lodwar,
KENYA.

3. The Board of Management

| Ref | Board Members | Details |
|-----|--|-------------|
| 1. |  Zainab Ahmed | Chairperson |
| 2. |  Dr. Nyafuono Mary. | Secretary |
| 3. | Micah Allany | Treasurer |
| 4. | Peter Lokero | Member |
| 5. | Philip Ekuwom | Member |
| 6. | Catherine Elim | Member |
| 7. | Cecilia Ebenyo | Member |

4. Key Management Team

| Ref | Management | Details |
|-----|--|-------------------------------|
| 1. |  Dr Nyafuono Gaudensia Mary | Medical Superintendent. |
| 2. |  Mr. Erongat Lokuruka Lawrence | Head of nursing services |
| 3. |  Mr. Jackson Mwale | Health Administrative Officer |

5. Chairman's Statement

Lopiding Level 4 Hospital is a level 4 hospital located in Lokichogio Sub County and it acts as a referral centre for surrounding peripheral facilities. The hospital offers in-patient and out patient services. The Lopiding Level 4 Hospital Board is entrusted with the critical responsibility of overseeing the hospital's strategic direction, policy formulation, and operational excellence. Our core mandate revolves around ensuring that the hospital operates efficiently, offering accessible, affordable, and high-quality healthcare to our community.

In the past year, Lopiding Level 4 Hospital has continued to be a pillar of healthcare delivery in Turkana West Sub County. We have consistently provided essential medical services to the local population, catering to a diverse range of medical needs including eye care and cataracts surgeries. Our dedicated medical professionals, support staff, and management team have strived to maintain high standards of patient care, even in the face of various challenges.

During the year, the Board engaged in several crucial activities aimed at enhancing the hospital's performance and sustainability. We collaborated with various stakeholders to explore avenues for generating additional revenue mainly the members of the community covered by NHIF and other schemes. We have held three board meetings including one with the ministry of health heads in order to improve efficiency and operationalization of the hospital. These initiatives included the programs, partnerships with local businesses, and exploring grant opportunities for partnership with international organizations available in Turkana West.

Our hospital has undertaken significant projects aimed at expanding and enhancing our services. Notable achievements include optimizing the use of the operating theatre, equipping the laboratory, initiate blood transfusions, servicing the automatic change over generator and better staff management. The ongoing implementation of electronic health records and the recruitment of additional medical personnel to better serve our patients is paramount. Furthermore, we initiated health education campaigns to raise awareness about our services; preventive, promotive and curative interventions, contributing to increased utilization of our services.

While we celebrate our achievements, it's important to acknowledge the challenges that we have encountered on our journey. Healthcare financing remains a critical concern, as we strive to maintain quality care despite budget constraints. Water and sanitation infrastructure also require improvement to ensure a safe and hygienic environment for both patients and staff. Moreover, the increasing demand for our services necessitates urgent infrastructure expansion, which has its own set of challenges.

Limited funding continues to be a significant obstacle, affecting our ability to invest in advanced medical equipment, staff training, and infrastructure development. We are actively exploring partnerships and grant opportunities to bridge this gap and secure sustainable funding for the hospital's operations.

Access to clean water and proper sanitation facilities is essential for infection control and overall patient safety. We are committed to addressing this challenge by working closely with the ministry of health and sanitation through the directorate of health services and partners to improve water supply and sanitation infrastructure within the hospital premises.

As the demand for our services grows, we recognize the urgent need for infrastructure expansion. Our overcrowded facilities strain our ability to provide efficient care. We are happy the ministry of health is on the process of expanding the infrastructure and continue equipping the hospital. The Board is in the process of developing a guiding framework to guide in planning for adequate utilization of the hospital spaces, taking into account the needs of our patients and staff. We are steadfast in our commitment to overcoming challenges and embracing opportunities to elevate the quality of healthcare we provide.



.....
Zainab Ahmed

Chairlady to the Board

6. Report of The Medical Superintendent

Lopiding Level 4 Hospital is a level 4 hospital located in Lokichogio Sub County and it acts as a referral centre for surrounding peripheral facilities. The hospital offers in-patient and out patient services. The out-patient services include clinical care, minor surgeries, dental services, nutritional services, CCC, Physiotherapy, Orthopaedic, Immunisation, antenatal care, Family planning, radiology, ophthalmology services and SGBV services.

The in-patient services include medical, surgical, obstetric services, nutritional stabilisation unit, new-born care unit, paediatric unit. Averagely the hospital is able to see about 1200 patients per month in OPD and about 150 admissions per month.

The hospital currently has one medical officer, 5 clinical officers, 2 anaesthetists, 2 orthopaedic technologists, 2 COHOs, 12 nurses, 2 HROs, 1 social worker, 1 nutritionist, 1HTS counsellor, 2 laboratory technologists, 1 pharm tech, 2 PHOs, 2CHEWs, 1 biomedical engineer, 4 support staff(employed) by the county, 1 Health administrator and 1 procurement officer.

In addition, the hospital employs about 18 Casual Staff whose responsibility is mainly to cook, cleaning, security, laundry services, waste management, financial management and routine repairs. Currently the casuals have not been paid for 8months and we await the county government to take over the payment of their salaries since they all play a crucial role in service delivery.

The Hospital received a total of Kshs.64,928,847 which comprised of Kshs.61,126,445 In-kind contributions from the County Government, Kshs.1,007,484 transfers from the NHIF and Kshs.2,009,870 from rendering of medical services.

To be able to achieve departmental and over all facility action plans, the facility requires funds from the County or any other partners since the facility collection is insufficient. Furthermore, the community members need to be encouraged to take-up NHIF insurance as this will boost hospital finances especially for Inpatients who constantly have to be waived.

.....


Dr. Nyafuono Gaudensia Mary
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 149 subsection 2(g) of the PFM Act 2012, requires the Accounting Officer of Lopiding Level 4 Hospital to prepare a strategic plan in conformity with the medium-term fiscal framework and financial objectives of the County government.

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 Lopiding Level 4 Hospital performance against predetermined objectives.

Lopiding Level 4 Hospital has four strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2023/2024. These strategic pillars are as follows:

- Pillar 1: Health Service Delivery
- Pillar 2: Health Workforce
- Pillar 3: Health Financing
- Pillar 4: Leadership and Governance

Lopiding Level 4 Hospital develops its annual work plans based on the above four pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Lopiding Level 4 Hospital achieved its performance targets set for the FY 2023/2024 period for its four strategic pillars, as indicated in the diagram below:

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|---|--|--|--|---|
| Pillar 1: Health Service Delivery: | Improve access to essential health services, especially for vulnerable populations | Tracking the percentage of the population accessing essential health services. | Enhance quality, accessibility, and equity of health services. Strengthen referral systems and emergency care. | 80% of the vulnerable population are accessing the health services, and the referral system has been strengthened . |
| Pillar 2: Health Workforce | Enhance their competencies through training and | Evaluating the percentage of health workers completing | Increase the number of skilled health workers. | Skilled staff have increased we are almost meeting the set |

| | | | | |
|--|---|---|--|---|
| | professional development. | required training. | Improve retention and motivation. | standard by WHO |
| Pillar 3: Health Financing | Improve financial risk protection for citizens | Evaluating the extent to which health costs are covered by insurance or other mechanisms. | Increase domestic funding for health. Explore innovative financing mechanisms. | In the process of making the entity autonomous in order to get more funding |
| Pillar 4: Leadership and Governance | Promote transparency and accountability in health management. | Evaluating adherence to governance principles. | Strengthen health sector leadership at all levels. Enhance coordination among stakeholders | 70% achieved in strengthening leadership at all levels |

8. Corporate Governance Statement

The board of directors is composed of competent, diverse and qualified members capable of exercising objective and independent judgement. The Board has appropriate autonomy and authority to exercise its functions are accountable and responsible to the stakeholders. The composition of the Board provides a diversity of gender, competencies and skills required for effective leadership of the organization.

During the period under review the Board held three meetings, nil special meetings.

| S/No | Board Member | Classification | Designation | No.of Meetings | No.of Meetings attended |
|------|-------------------|----------------|-------------------|----------------|-------------------------|
| 1. | Zainab Ahmed | Independent | Board Chairperson | 1 | 1 |
| 2. | Micah Allany | Independent | Treasurer | 1 | 1 |
| 3. | Peter Lokero | Independent | Member | 1 | 1 |
| 4. | Philip Ekuwom | Independent | Member | 1 | 1 |
| 5. | Catherine Elim | Independent | Member | 1 | 1 |
| 6. | Dr. Nyafuono Mary | Medical Sup. | Secretary | 1 | 1 |
| 7. | Cecilia Ebenyo | Independent | Member | 1 | 1 |

Appointment and Removal of Directors/Board Members.

The board of directors are appointed by a transparent and formal process governed by the County Executive Committee Member (CECM) through a Gazette Notice and thereafter an appointment letter.

Roles and Function of the Board.

The Board of the has the following roles as outlined by Turkana County Health Services Administration Act:

- i. Responsible for the supervision of the funds allocated to the hospital;
- ii. Open and operate a bank account at a bank approved by CECM finance;
- iii. Consider recommended activities to be included in the hospital work plans based on the County health sector strategic plan.
- iv. Keep a permanent record of all deliberations.

Induction and Training of the Board.

Lopiding Level 4 Hospital recognizes the governance leap made by the Government of Kenya through the development and issuance of Mwongozo- The Code of Governance for State Corporations. In this regard, once new board members are appointed, the Hospital provides them with information on the operations of Lopiding Level 4 Hospital.

Conflict of Interest

During every meeting of the board, members sign a declaration of conflict of interest. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

Board Remuneration

The policy on remuneration of the board members is in place as provided for by relevant government regulations and guidelines. Allowances were paid when they fall due.

Ethics and Conduct

Board members received training on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

Governance Audit

The Board is yet to establish a Board Audit and Risk Committee in compliance with Mwongozo and government audit laws and regulation

9. Management Discussion and Analysis

During the year under review the hospital has been operating in accordance with the Turkana County Health Administrative Act through authority from the Chief Officer. The Hospital received a total of Kshs.64,928,847 which comprised of Kshs.61,126,445 In-kind contributions from the County Government, Kshs.1,007,484 transfers from the NHIF and Kshs.2,009,870 from rendering of medical services.

Over the past year, Lopiding Level 4 Hospital has continued to be a cornerstone of healthcare delivery in Turkana West and select areas of Lokichoggio, Nanam and Songot Wards. Our hospital stands as a beacon of hope for our community, offering essential medical services that cater to a diverse range of healthcare needs.

Our team of medical professionals, support staff, and management have displayed unwavering dedication, ensuring that our patients receive the highest level of care. Even in the face of various challenges, we have upheld our commitment to excellence in healthcare service delivery. However, as a level 4 hospital, we have a limited number of critical staff.

Financial management is a critical aspect of our operations, and it plays a pivotal role in our ability to provide quality care and sustain our mission. Our financial performance over the past year has been commendable in terms of improved collection however not adequate for daily running of the hospital. We have strived to achieve financial stability however it has not been possible to run the hospital on cost sharing funds only. Our revenue generation efforts should include collaborations with stakeholders and grant-seeking initiatives from TCG.

While we remain committed to responsible financial management, it is important to acknowledge these challenges we face in securing the necessary funding to support our operations fully. Limited funding remains a persistent obstacle that impacts our ability to serve better. In this regard, we are actively exploring partnerships and grant opportunities to bridge the funding gap and secure sustainable support for the hospital.

Our hospital has made significant strides in the past year, achieving several noteworthy milestones:

- a. **Enhanced Services:** We are in the final process of optimizing the use of our operating theater, equipped our laboratory, initiated blood transfusion services, and installed a new incinerator, all of which have contributed to the improvement of patient care and safety.

- b. **Staff Management:** Our efforts in better staff management together with the sub county HRM have led to improved staff morale and productivity, ultimately benefiting patient care.
- c. **Electronic Health Records:** The ongoing plan to implement electronic health records will enhance our ability to manage patient information efficiently, leading to improved healthcare outcomes.
- d. **Health Education Campaigns:** We successfully initiated health education campaigns to raise awareness about our services, including preventive, promotive, and curative interventions. This has resulted in increased utilization of our facilities and increasing NHIF enrollment.

Despite our achievements, we have encountered several challenges:

- i. **Healthcare Financing:** Limited funding remains a significant obstacle, affecting our capacity to invest in critical areas including patient mobility. We are actively seeking sustainable funding sources to address this challenge. We are requesting the TCG to consider quarterly funding of the hospital to support its operation.
- ii. **Infrastructure:** As the demand for our services continues to grow, we urgently require infrastructure expansion to alleviate overcrowding and enhance patient care. The Ministry of Health's ongoing efforts in this regard are appreciated.
- iii. **Water and Sanitation:** Access to clean water and proper sanitation facilities is essential for infection control and patient safety. We are committed to addressing this issue by improving our water supply and sanitation infrastructure.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Lopiding Level 4 Hospital in Turkana County prioritizes comprehensive medical care for residents. Its accounting officer ensures financial viability by monitoring expenses and aligning spending with national healthcare goals. Beyond finances, the hospital remains aware of political and macroeconomic trends that impact service delivery.

ii) Environmental performance

Lopiding Level 4 Hospital recognizes its responsibility to protect the environment while providing essential healthcare services. Their environmental policy aims to balance medical care with sustainable practices. Evidence of this policy can be found in their initiatives, infrastructure, and operational decisions.

Rehabilitation efforts have targeted various hospital departments, including the Paediatric ward, Male and Female wards, Outpatient department, Operating Theatre, and Physiotherapy department. Upgrading infrastructure contributes to better resource utilization and energy efficiency. The hospital's location in an arid area necessitates thoughtful resource use. Preserving local flora and fauna is crucial for ecological balance. The hospital's waste management policy likely includes guidelines for proper disposal of medical waste. Ensuring safe handling of hazardous materials is essential. Evidence of this policy would be found in waste disposal practices, segregation, and collaboration with relevant agencies.

iii) Employee welfare

The hiring process for Lopiding Level 4 Hospital staff is done centrally by the County Public Service Board by following the National's Human Resource policies and manuals which take into account the gender ratio, take in stakeholder engagements and how often they are improved. The hospital ensures a safe working environment, proper handling of hazardous materials, and compliance with health and safety regulations such as the Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The following are the market place practices undertaken by the hospital:

a) Responsible competition practice.

The Lopiding Level 4 Hospital actively promotes ethical practices and responsible competition. They combat corruption through internal controls and audits, educate staff about fair play, and maintain a neutral political stance. Fair competition, innovation, and respect for competitors contribute to their commitment to quality healthcare.

b) Responsible Supply chain and supplier relations

Lopiding Level 4 Hospital demonstrates responsible business practices by upholding contractual agreements and treating suppliers with respect. Their commitment to honouring contracts ensures that suppliers receive timely payments and fair treatment. Whether procuring foodstuff, medical supplies, or other essentials, the hospital prioritizes transparency, reliability, and ethical conduct. By maintaining strong relationships with suppliers, they contribute to a sustainable and efficient healthcare system for the community.

c) Responsible marketing and advertisement

Lopiding Level 4 Hospital demonstrates ethical marketing practices through several initiatives. Firstly, they prioritize transparency and community engagement, actively communicating with the community about services, programs, and achievements. Secondly, their patient-centric approach ensures clear communication about available services, treatment options, and patient rights. Thirdly, they practice cultural sensitivity, considering Turkana's unique context in marketing materials. Fourthly, collaboration with NGOs and partners strengthens their reach, enhancing community awareness. Lastly, maintaining high standards of care contributes to a positive reputation, as satisfied patients become advocates for the hospital's ethical practices.

v) Corporate Social Responsibility / Community Engagements

Lopiding Level 4 Hospital operates within a community facing significant vulnerability due to high poverty levels. There are instances where patients receive services but are unable to pay, the hospital steps in by waiving the fees. Additionally, after receiving treatment and discharged, there are those stranded due to lack of transportation, the hospital provides support to ensure they can safely return home to their families. This compassionate approach reflects the hospital's commitment to serving its community, even in challenging circumstances.

11. Report of The Board of Management

The board of management submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Lopiding Level 4 hospital affairs.

i) Principal activities

The principal activity of the hospital is to promote and participate in the provision of integrated and high quality, promotive preventive, curative, rehabilitative healthcare services to all Kenyans.

ii) Results

The results of the institute for the year ended June 30, 2024, are set out on page 1 to 8.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi.

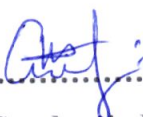
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Lopiding did not submit any surplus since it is not a regulatory body.

v) Auditors

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

By Order of the Board

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Dr. Nyafuono Gaudensia Mary

Secretary to the Board

12. 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 Lopiding Level 4 Hospital, which give a true and fair view of the state of affairs of the Lopiding Level 4 Hospital at the end of the financial year/period and the operating results of the hospital 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 Lopiding Level 4 Hospital.


The Board of Management is responsible for the preparation and presentation of Lopiding Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for Lopiding Level 4 Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of Lopiding Level 4 Hospital's transactions during the financial year ended June 30, 2024, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Lopiding Level 4 Hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of management have assessed the Fund's ability to continue as a going concern

Approval of the financial statements

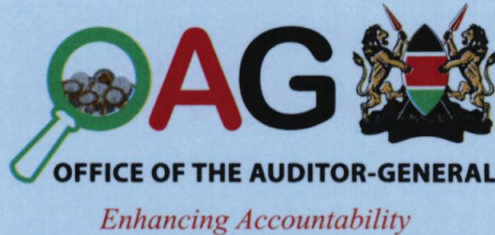
The Hospital's financial statements were approved by the Board on 19/11/24 and signed on its behalf by:


.....
Zainab Ahmed
Chairperson
Board of Management


.....
Dr. Nyafuono Gaudensia Mary
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 LOPIDING LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF TURKANA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lopiding Level 4 Hospital - County Government of Turkana set out on pages 1 to 56, which comprise of the statement

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lopiding Level 4 Hospital – County Government of Turkana as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Inventories

The statement of financial position reflects Nil balance of inventories as disclosed in Note 30 to the financial statements. However, review of records and physical verification revealed various inventory items including drugs and expendables. Further, Management did not conduct a stock take at the close of the year.

In the circumstances, the accuracy and completeness of the Nil balance of inventories could not be confirmed.

2. Undisclosed Property, Plant and Equipment

The statement of financial position reflects Nil balance of property, plant and equipment as disclosed in Note 31 to the financial statements. However, review of records and physical verification revealed various assets including land, buildings, furniture, motor vehicles, computers and equipment of undetermined value belonging to the Hospital. Further, review of records revealed that the Hospital owned a new building at a cost of Kshs.41,145,770 funded by Safaricom Foundation and renovations amounting to Kshs.21,492,430 that was funded by Kenya Development Response to Displacement Impact Project.

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

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

Key Audit Matters

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

Other Information

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

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

The Other Information does not include the financial statements and my audit report thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Budget

During the year under review, the Hospital operated without an approved budget. This was contrary to Section 149(2h) of the Public Finance Management Act, 2012, which requires the Accounting Officer of every County Government entity to prepare estimates of expenditure of the entity in conformity with the strategic plan.

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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-five (85) staff requirements or 84% of the authorized establishment.

| Staffing Requirement | Number as per Level 4 Standard | Number in Hospital | Variance | (%) Percentage Deficit |
|------------------------------------|---------------------------------------|---------------------------|-----------------|-------------------------------|
| Medical Officers | 16 | 3 | 13 | 81 |
| Anaesthesiologists | 2 | 0 | 2 | 100 |
| General Surgeons | 2 | 1 | 1 | 50 |
| Gynaecologists | 2 | 0 | 2 | 100 |
| Paediatricians | 2 | 0 | 2 | 100 |
| Radiologists | 2 | 0 | 2 | 100 |
| Registered Community Health Nurses | 75 | 12 | 63 | 84 |
| Total | 101 | 16 | 85 | 84 |

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

| Service | Number as per Level 4 Hospital Standard | Number in the Hospital | Variance | (%) Percentage Deficit |
|---|--|-------------------------------|-----------------|-------------------------------|
| Resuscitaire in Labour Ward | 2 | 0 | 2 | 100 |
| New Born Unit Incubators | 5 | 0 | 5 | 100 |
| New Born Unit Cots | 5 | 2 | 3 | 60 |
| Functional ICU Beds | 6 | 0 | 6 | 100 |
| High Dependency Unit (HDU) Beds | 6 | 0 | 6 | 100 |
| Renal Units with at Least 5 Dialysis Machines | 5 | 0 | 5 | 100 |
| Two Functional Operational Theatres - Maternity and General | 2 | 0 | 2 | 100 |

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Function

The Management of Lopiding Level 4 Hospital has not established an internal audit department. Further, there was no evidence that internal audit reviews were carried out during the financial year.

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

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Lopiding Level 4 Hospital (Turkana County Government)
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14. Statement of Financial Performance for The Year Ended 30 June 2024

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|--|------|-------------------|------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | - | - |
| In-kind contributions from the County Government | 7 | 61,126,445 | 1,700,224 |
| Grants from donors and development partners | 8 | - | - |
| Transfers from other Government entities | 9 | 2,429,800 | 2,176,425 |
| Public contributions and donations | 10 | - | - |
| | | 63,556,245 | 3,876,649 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 2,009,870 | 445,460 |
| Revenue from rent of facilities | 12 | - | - |
| Finance /Interest Income | 13 | - | - |
| Miscellaneous Income | 14 | - | - |
| Revenue from exchange transactions | | 2,009,870 | 445,460 |
| Total revenue | | 65,566,115 | 4,322,109 |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 11,245,805 | 1,725,724 |
| Employee costs | 16 | 45,922,681 | 1,535,000 |
| Board of Management Expenses | 17 | 22,000 | 12,500 |
| Depreciation and amortization expense | 18 | - | - |
| Repairs and maintenance | 19 | 97,199 | 181,000 |
| Grants and subsidies | 20 | - | - |
| General expenses | 21 | 8,135,563 | 156,300 |
| Finance costs | 22 | - | - |
| Total expenses | | 65,423,248 | 3,610,524 |
| Other gains/(losses) | | | |
| Gain/Loss on disposal of non-Current assets | 23 | - | - |
| Unrealized gain on fair value of investments | 24 | - | - |


Lopiding Level 4 Hospital (Turkana County Government)
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| | | | |
|---|----|----------------|----------------|
| Medical services contracts Gains/Losses | 25 | - | - |
| Impairment loss | 26 | - | - |
| Gain on foreign exchange transactions | | - | - |
| Total other gains/(losses) | | - | - |
| Net Surplus / (Deficit) for the year | | 142,867 | 711,585 |


The Hospital's financial statements were approved by the Board on 19/11/24 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 17957



Medical Superintendent

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


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

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|---|------|------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 15,599 | 785,048 |
| Receivables from exchange transactions | 28 | 2,159,941 | 737,625 |
| Receivables from non-exchange transactions | 29 | - | - |
| Inventories | 30 | - | - |
| Total Current Assets | | 2,175,540 | 1,522,673 |
| Non-current assets | | | |
| Property, plant, and equipment | 31 | - | - |
| Intangible assets | 32 | - | - |
| Investment property | 33 | - | - |
| Total Non-current Assets | | - | - |
| Total assets | | 2,175,540 | 1,522,673 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 34 | 510,000 | - |
| Refundable deposits from customers/Patients | 35 | - | - |
| Provisions | 36 | - | - |
| Finance lease obligation | 37 | - | - |
| Current portion of deferred income | 38 | - | - |
| Current portion of borrowings | 39 | - | - |
| Social Benefits | 41 | - | - |
| Total Current Liabilities | | 510,000 | - |
| Non-current liabilities | | | |
| Provisions | 36 | - | - |
| Non-Current Finance lease obligation | 37 | - | - |


Lopiding Level 4 Hospital (Turkana County Government)
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| | | | |
|---|----|------------------|------------------|
| Non-Current portion of deferred income | 38 | - | - |
| Non - Current portion of borrowings | 39 | - | - |
| Service concession liability | 40 | - | - |
| Social Benefits | 41 | - | - |
| Total Non-current liabilities | | - | - |
| Total Liabilities | | 510,000 | - |
| Net assets | | 1,665,540 | 1,522,673 |
| Revaluation reserve | | - | |
| Accumulated surplus/Deficit | | 1,665,540 | 1,522,673 |
| Capital Fund | | - | |
| Total Net Assets and Liabilities | | 1,665,540 | 1,522,673 |


The Hospital's financial statements were approved by the Board on 19/11/24 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 17957



Medical Superintendent

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

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--------------------------------|---------------------|-----------------------------|--------------|------------------|
| As at July 1, 2021 | - | 811,088 | - | 811,088 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 711,585 | - | 711,585 |
| Capital/Development grants | - | - | - | - |
| As at June 30, 2022 | - | 1,522,673 | - | 1,522,673 |
| At July 1, 2023 | - | 1,522,673 | - | 1,522,673 |
| Revaluation gain | - | - | - | - |

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

| | | | | |
|--------------------------------|---|-----------|---|-----------|
| Surplus/(deficit) for the year | - | 142,867 | - | 142,867 |
| Capital/Development grants | - | - | - | - |
| At June 30, 2024 | - | 1,665,540 | - | 1,665,540 |

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

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|--|------|------------------|------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | - | - |
| In Kind Contributions from The County Government | | - | - |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | | 1,007,484 | 1,438,800 |
| Public contributions and donations | | - | - |
| Rendering of services- Medical Service Income | 11 | 2,009,870 | 445,460 |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | 13 | - | - |
| Miscellaneous receipts(<i>specify</i>) | 14 | - | - |
| Total Receipts | | 3,017,354 | 1,884,260 |
| | | | |
| Payments | | | |
| Medical/Clinical costs | | 381,371 | 25,500 |
| Employee costs | | 1,530,000 | 1,535,000 |
| Board of Management Expenses | 17 | 22,000 | 12,500 |
| Repairs and maintenance | 19 | 97,199 | 181,000 |
| Grants and subsidies | 20 | - | - |
| General expenses | | 1,756,234 | 156,300 |
| Finance costs | 22 | - | - |
| Refunds paid out | | - | - |
| Total Payments | | 3,786,803 | 1,910,300 |
| Net cash flows from operating activities | 42 | (769,449) | (26,040) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment & intangible assets | 31 | - | - |
| Proceeds from the sale of property, plant, and equipment | 33 | - | - |
| Acquisition of investments | 33 | - | - |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | 39 | - | - |

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

| | | | |
|---|-----------|------------------|-----------------|
| Repayment of borrowings | | - | - |
| Capital grants received | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | (769,449) | (26,040) |
| Cash and cash equivalents as at 1 July | 27 | 785,048 | 811,088 |
| Cash and cash equivalents as at 30 June | 27 | 15,599 | 785,048 |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|--|-------------------|-------------|-------------------|----------------------------|------------------------|------------------|
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Revenue | | | | | | |
| Transfers from the County Government | - | - | - | - | - | - |
| Grants from donors and development partners | - | - | - | - | - | - |
| Transfers from other Government entities | 2,429,800 | - | 2,429,800 | 1,007,484 | 1,422,316 | 41 |
| Public contributions and donations | - | - | - | - | - | - |
| Rendering of services- Medical Service Income | 2,009,870 | | 2,009,870 | 2,009,870 | - | 100 |
| Revenue from rent of facilities | - | - | - | - | - | - |
| Finance / interest income | - | - | - | - | - | - |
| Balance B/F | 785,048 | - | 785,048 | 785,048 | - | 100 |
| In Kind Contributions from The County Government | 61,126,445 | - | 61,126,445 | 61,126,445 | - | 100 |
| Total income | 66,351,163 | - | 66,351,163 | 64,928,847 | 1,422,316 | 98 |
| Expenses | | | | | | |
| Medical/Clinical costs | 11,300,000 | - | 11,300,000 | 11,245,805 | 54,195 | 99 |
| Employee costs | 46,420,000 | - | 46,420,000 | 45,412,681 | 1,007,319 | 98 |

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

| | | | | | | |
|-------------------------|-------------------|---|-------------------|-------------------|------------------|------------|
| Board Expenses | 22,000 | - | 22,000 | 22,000 | - | 100 |
| Repairs and maintenance | 252,000 | - | 252,000 | 97,199 | 154,801 | 39 |
| Grants and subsidies | - | - | - | - | - | - |
| General expenses | 8,357,163 | - | 8,357,163 | 8,135,563 | 221,601 | 90 |
| Finance costs | - | - | - | - | - | - |
| Total Expenses | 66,351,163 | - | 66,351,163 | 64,913,248 | 1,437,915 | 100 |
| Surplus for the period | - | - | - | 15,599 | (15,599) | |
| Capital expenditure | - | - | - | - | - | |

19. Notes to the Financial Statements

1. General Information

Lopiding Level 4 Hospital is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Turkana County Government and is domiciled in Turkana County in Kenya. The entity's principal activity is provision of curative and preventive health care 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 hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

| 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: 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> |

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

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

| Standard | Effective date and impact |
|--|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <i>i.</i> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <i>ii.</i> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by Board on 01/08/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Hospital did not record any additional appropriations on the FY 2023/2024 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 14 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | - | - |
| Level 5 grants | - | - |
| Unconditional development grants | - | - |
| Other grants | - | - |
| | - | - |
| Conditional grants | | |
| User fee forgone | - | - |
| Transforming health services for Universal care project (THUCP) | - | - |
| DANIDA | - | - |
| Wards Development grant | - | - |
| Paediatric block grant | - | - |
| Administration block grant | - | - |
| Laboratory grant | - | - |
| Total government grants and subsidies | - | - |

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

| Description | FY 2023-2024 | FY 2022-2023 |
|---|-------------------|------------------|
| | KShs | KShs |
| Salaries and wages | 43,882,681 | - |
| Medical supplies-Drawings Rights (KEMSA) | 10,864,435 | - |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) | - | 1,700,224 |
| Food and Ration | - | - |
| Utility bills | 6,379,329 | - |
| Office Supplies | - | - |
| Total grants in kind | 61,126,445 | 1,700,224 |

8. Grants From Donors and Development Partners

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

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

| Description | FY 2023-2024 | FY 2022-2023 |
|--|------------------|------------------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | - | - |
| Transfer from National Health Insurance Fund | 2,429,800 | 2,176,425 |
| Transfer from Institute | - | - |
| Total Transfers | 2,429,800 | 2,176,425 |

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

| Description | FY 2023-2024 | FY 2022-2023 |
|---|------------------|----------------|
| | KShs | KShs |
| Pharmaceuticals | 250,030 | 445,460 |
| Non-Pharmaceuticals | - | - |
| Laboratory | 236,530 | - |
| Radiology | 289,500 | - |
| Orthopaedic and Trauma Technology | 60,800 | - |
| Theatre | 301,100 | - |
| Accident and Emergency Service | - | - |
| Anesthesia Service | - | - |
| Ear Nose and Throat service | - | - |
| Nutrition service | - | - |
| Cancer centre service | - | - |
| Dental services | 57,490 | - |
| Reproductive health | - | - |
| Paediatrics services | - | - |
| In-Patient services | 797,570 | - |
| Other medical services income (eye clinic) | 16,850 | - |
| Total revenue from the rendering of services | 2,009,870 | 445,460 |

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description | FY 2023-2024 | FY 2022-2023 |
|---|-------------------|------------------|
| | KShs | KShs |
| Dental costs/ materials | 95,000 | - |
| Laboratory chemicals and reagents | 1,419,288 | - |
| Public health activities | - | - |
| Food and Ration | 222,760 | - |
| Uniform, clothing, and linen | - | - |
| Dressing and Non-Pharmaceuticals | 4,634,559 | 25,500 |
| Pharmaceutical supplies | 4,874,199 | 1,700,224 |
| Health information stationery | - | - |
| Reproductive health materials | - | - |
| Sanitary and cleansing Materials | - | - |
| Purchase of Medical gases | - | - |
| X-Ray/Radiology supplies | - | - |
| Other medical related clinical costs (<i>specify</i>) | - | - |
| Total medical/ clinical costs | 11,245,805 | 1,725,724 |

16. Employee Costs

| Description | FY 2023-2024 | FY 2022-2023 |
|--|-------------------|------------------|
| | KShs | KShs |
| Salaries, wages, and allowances | 45,922,681 | 1,535,000 |
| Contributions to pension schemes | - | - |
| Service gratuity | - | - |
| Performance and other bonuses | - | - |
| Staff medical expenses and Insurance cover | - | - |
| Group personal accident insurance and WIBA | - | - |
| Social contribution | - | - |
| Other employee costs (<i>specify</i>) | - | - |
| Employee costs | 45,922,681 | 1,535,000 |

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------------|---------------|---------------|
| | KShs | KShs |
| Chairman's Honoraria | - | - |
| Sitting allowance | 22,000 | 12,500 |
| Mileage | - | - |
| Insurance expenses | - | - |
| Induction and training | - | - |
| Travel and accommodation allowance | - | - |
| Airtime allowances | - | - |
| Total | 22,000 | 12,500 |

18. Depreciation and Amortization Expense

| Description | FY2023/2024 | FY 2022/2023 |
|--|-------------|--------------|
| | Kshs | Kshs |
| Property, plant and equipment | - | - |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | - | - |

19. Repairs And Maintenance

| Description | FY 2023-2024 | FY 2022-2023 |
|--------------------------------------|---------------|----------------|
| | KShs | KShs |
| Property- Buildings | - | 100,000 |
| Medical equipment | - | - |
| Office equipment | - | - |
| Furniture and fittings | - | 81,000 |
| Computers and accessories | 26,979 | - |
| Motor vehicle expenses | 70,220 | - |
| Maintenance of civil works | - | - |
| Total repairs and maintenance | 97,199 | 181,000 |

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

| Description | FY 2023/2024 | FY2022/2023 |
|--|--------------|-------------|
| | Kshs | Kshs |
| Community development and social work | - | - |
| Education initiatives and programs | - | - |
| Free/ subsidised medical camp | - | - |
| Disability programs | - | - |
| Free cancer screening | - | - |
| Social benefit expenses | - | - |
| Other grants and subsidies(<i>specify</i>) | - | - |
| Total grants and subsidies | - | - |

21. General Expenses

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------------|--------------|--------------|
| | KShs | KShs |
| Advertising and publicity expenses | - | - |
| Catering expenses | - | - |
| Waste management expenses | - | - |
| Insecticides and rodenticides | - | - |
| Audit fees | - | - |
| Bank charges | 10,484 | 6,300 |
| General Office Supplies | 302,960 | 80,000 |
| Consultancy fees | - | - |
| Contracted services | - | - |
| Electricity expenses | 6,379,329 | - |
| Fuel and Lubricants | 71,960 | - |
| Insurance | - | - |
| Taxes | - | - |
| Travel and accommodation allowance | - | - |
| Legal expenses | - | - |
| Licenses and permits | - | - |
| Courier and postal services | - | - |
| Printing and stationery | 55,540 | - |
| Hire charges-Tents and Chairs | - | - |
| Rent expenses | - | - |
| Water and sewerage costs | - | - |

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| | | |
|--|------------------|----------------|
| Food and Rations | 640,650 | 10,000 |
| Telephone and mobile phone services | 39,650 | |
| Internet expenses | 108,400 | |
| Staff training and development | | |
| Subscriptions to professional bodies | - | - |
| Subscriptions to newspapers periodical, magazines, and gazette notices | - | - |
| Library books/Materials | - | - |
| Household and Institutional appliances | - | - |
| Daily Subsistence Allowance for Referral | 526,590 | 60,000 |
| Office Equipment | - | - |
| Total General Expenses | 8,135,563 | 156,300 |

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

| Description | FY 2023/2024 | FY 2022/2023 |
|---|--------------|--------------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF | - | - |
| Non- Comprehensive contracts care with NHIF | - | - |
| Linda Mama Program | - | - |
| Waivers and Exemptions | - | - |
| Total Gain/Loss | - | - |

26. Impairment Loss

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

27. Cash And Cash Equivalents

| Description | FY 2023-2024 | FY 2022-2023 |
|--|---------------|----------------|
| | KShs | KShs |
| Current accounts | 15,599 | 785,048 |
| On - call deposits | - | - |
| Fixed deposits accounts | - | - |
| Cash in hand | - | - |
| Others(<i>specify</i>)- Mobile money | - | - |
| Total cash and cash equivalents | 15,599 | 785,048 |

Notes to the Financial Statements (Continued)

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

| Description | | FY 2023-2024 | FY 2022-2023 |
|--------------------------------------|----------------|---------------|----------------|
| Financial institution | Account number | KShs | |
| a) Current account | | | |
| Kenya Commercial bank | | 15,599 | 785,048 |
| Equity Bank, etc | | - | |
| | | | |
| Sub- total | | 15,599 | 785,048 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | |
| | | | |
| Equity Bank – etc | | - | |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Bank Name | | - | |
| | | | |
| Sub- total | | - | - |
| d) Others(specify) | | | |
| cash in hand | | - | |
| Mobile money- Mpesa, Airtel money | | - | |
| Sub- total | | - | - |
| Grand total | | 15,599 | 785,048 |

28. Receivables From Exchange Transactions

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------|------------------|----------------|
| | KShs | KShs |
| Medical services receivables | 2,159,941 | 737,625 |
| Rent receivables | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | - | - |
| Total receivables | 2,159,941 | 737,625 |

Analysis of Receivables From Exchange Transactions

| Description | FY 2023/2024 | | FY 2022/2023 | |
|--------------------|------------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | FY 2023/2024 | % of the total | FY 2022/2023 | % of the total |
| Less than 1 year | 2,159,941 | 100% | 737,625 | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | 2,159,941 | 100% | 737,625 | % |

29. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

| Description | FY 2023/2024 | | FY 2022/2023 | |
|--------------------|--------------|----------------|--------------|----------------|
| | KShs | | KShs | |
| | FY 2023/2024 | % of the total | FY 2022/2023 | % of the total |
| Less than 1 year | - | % | - | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | - | % | - | % |

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

30. Inventories

| Description | FY 2023/2024 | FY 2022/2023 |
|--|--------------|--------------|
| | KShs | KShs |
| Pharmaceutical supplies | - | - |
| Maintenance supplies | - | - |
| Food supplies | - | - |
| Linens and clothing supplies | - | - |
| Cleaning materials supplies | - | - |
| General supplies | - | - |
| Less: provision for impairment of stocks | - | - |
| Total | - | - |

*Lopiting Level 4 Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024
Notes to the Financial Statements (Continued)*

31. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total |
|------------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|-------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Cost | | | | | | | | |
| At 1 July 2022 | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| At 30th Jun 2023 | - | - | - | - | - | - | - | - |
| At 1 July 2023 | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| At 30th Jun 2024 | - | - | - | - | - | - | - | - |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2022 | - | - | - | - | - | - | - | - |
| Depreciation for the year | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| At 30 June 2023 | - | - | - | - | - | - | - | - |

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| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total |
|-------------------------------------|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|-------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| At July 2023 | - | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| At 30th June 2024 | - | - | - | - | - | - | - | - |
| Net book values | | | | | | | | |
| At 30 th Jun 2023 | - | - | - | - | - | - | - | - |
| At 30 th Jun 2024 | - | - | - | - | - | - | - | - |

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

| Description | FY 2023/2024 | FY 2022/2023 |
|------------------------------------|--------------|--------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | - | - |
| Additions | - | - |
| Additions-Internal development | - | - |
| Disposal | - | - |
| At end of the year | - | - |
| Amortization and impairment | | |
| At beginning of the year | - | - |
| Amortization for the period | - | - |
| Impairment loss | - | - |
| At end of the year | - | - |
| NBV | - | - |

33. Investment Property

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

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

| Description | FY 2023/2024 | | FY 2022/2023 | |
|---|---------------------|-----------------------|---------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables | - | | - | |
| Employee dues-Casuals | 510,000 | | - | |
| Third-party payments (e.g. unremitted payroll deductions) | - | | - | |
| Audit fee | - | | - | |
| Doctors' fee | - | | - | |
| Total trade and other payables | 510,000 | | - | |
| Ageing analysis: | FY 2023/2024 | % of the Total | FY 2022/2023 | % of the Total |
| Under one year | 510,000 | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | 510,000 | % | - | % |

35. Refundable Deposits from Customers/Patients

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

Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

| Description | FY 2023/2024 | FY 2022/2023 |
|----------------------------|--------------|--------------|
| | Kshs | Kshs |
| Current Lease obligation | - | - |
| Long term lease obligation | - | - |
| Total | - | - |

38. Deferred Income

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

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

Notes to the Financial Statements (Continued)

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

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

39. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

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

41. Social Benefit Liabilities

| Description | FY 2023/2024 | FY 2022/2023 |
|--|--------------|--------------|
| | KShs | KShs |
| Health social benefit scheme | - | - |
| Unemployment social benefit scheme | - | - |
| Orphaned and vulnerable benefit scheme | - | - |
| People Living with Disabilities benefit Scheme | - | - |
| Elderly social benefit scheme | - | - |
| Bursary social benefits | - | - |
| Total | - | - |
| Current social benefits | - | - |
| Non- current social benefits | - | - |
| Total (tie to totals above) | - | - |

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

| Description | FY 2023/2024 | FY 2022/2023 |
|--|------------------|-----------------|
| | KShs | KShs |
| Surplus for the year before tax | 142,867 | 711,585 |
| Adjusted for: | | |
| Depreciation | - | - |
| Non-cash grants received | - | - |
| Impairment | - | - |
| Gains and losses on disposal of assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Working Capital adjustments | | |
| Increase in inventory | - | - |
| Increase in receivables | (1,422,316) | (737,625) |
| Increase in deferred income | - | - |
| Increase in payables | 510,000 | - |
| Increase in payments received in advance | - | - |
| Net cash flow from operating activities | (769,449) | (26,040) |

43. Financial Risk Management

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

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

(i) Credit risk

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

| Description | Total amount | Fully performing | Past due | Impaired |
|---|----------------|------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from –non-exchange transactions | - | - | - | - |
| Bank balances | 15,599 | 15,599 | - | - |
| Total | 15,599 | 15,599 | - | - |
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from –non-exchange transactions | - | - | - | - |
| Bank balances | 785,048 | 785,048 | - | - |
| Total | 785,048 | 785,048 | - | - |

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity does not have any significant concentration of credit risk. 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.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2023 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

The 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:

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

| Description | KShs | Other currencies | Total |
|---|--------|------------------|--------|
| | Kshs | | Kshs |
| At 30 June 2024 | | | |
| Financial assets (investments, cash, debtors) | 15,599 | | 15,599 |
| Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

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Notes to the Financial Statements (Continued)

| Description | KShs | Other currencies | Total |
|---|---------|------------------|---------|
| | Kshs | | Kshs |
| At 30 June 2023 | | | |
| Financial assets (investments, cash, debtors) | 785,048 | - | 785,048 |
| Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|-------------------------|-----------------------------|------------------|
| | Kshs | Kshs | Kshs |
| 2024 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2023 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2023: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2024 – KShs 0).

iv) Capital Risk Management

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

| Description | FY 2023/2024 | FY 2022/2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | 1,655,540 | 1,522,673 |
| Capital reserve | - | - |
| Total funds | 1,665,540 | 1,522,673 |
| Total borrowings | - | - |
| Less: cash and bank balances | (15,599) | (785,048) |
| Net debt/ (excess cash and cash equivalents) | 1,649,941 | 737,625 |
| Gearing | 99% | 48% |

Lopiding Level 4 Hospital (Turkana County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024
Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

| Description | FY 2023/2024 | FY 2022/2023 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Services offered to related parties | | |
| Services to The County Government | - | - |
| Sales of services to Board of Directors | - | - |
| 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 employees | - | - |
| Payments for goods and services | - | - |
| Total | - | - |
| d) Key management compensation | | |
| Directors' emoluments | - | - |
| Compensation to the medical Sup | - | - |

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| Description | FY 2023/2024 | FY 2022/2023 |
|--------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Compensation to key management | - | - |
| Total | - | - |

45. Segment Information

The entity operates within the same geographical location and is not segmented.

46. Contingent Liabilities

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

47. Capital Commitments

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

| Reference 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) |
|---|---|---|--|---|
| | Undisclosed Property, Plant and Equipment | The Management has begun the process of developing an asset register. We expect to complete the process by January, 2025 thereafter budget for valuation in the next financial year 2025-2026. | Not resolved | 30 th June, 2026 |
| | Unsupported Cash and Cash Equivalents Balance | The hospital did not have an accountant during the financial year to prepare cash book and monthly bank reconciliations. The county treasury has since posted an accounts clerk to the hospital to help in record keeping | resolved | |
| | Variances in the financial statements | The hospital has resolved issue of variances in FY 2023/24 FS | resolved | |
| | Non-Disclosure of Donated Drugs | The hospital management will write to KEMSA whenever such donations are received in order to | resolved | |

*Lopiding Level 4 Hospital (Turkana County Government)
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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|-----------------------------------|--|
| | | ascertain the values of the donations for reporting purposes in the financial statements. | | |
| | Failure to Transfer Revenue to the County Revenue Fund Account | The FIF Act has resolved the issue by putting in place the legal framework. | resolved | |
| | Deficiencies in Implementation of Universal Health Coverage (UHC) | The hospital has progressively upgraded its equipment as it has transitioned to level 4 status. The county is also proactively partnering with the Department of Health to fill the current gaps in medical equipment in hospitals within the county. | Not resolved | Progressively |
| | Lack of Risk Management Policy, Strategic Plan and Disaster Recovery Plan | The hospital has developed the policies | Resolved | |
| | Lack of Internal Audit Function | The county government audit directorate has also seconded an auditor to the county | Resolved | |

Lopiding Level 4 Hospital (Turkana County Government)
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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---|-----------------------------------|--|
| | | government hospitals, including Lopiding Level 4 Hospital to support the audit function. In the long term, the Hospital Board will recruit an auditor(s) to be in charge of the audit function at the hospital level. | | |
| | Unutilised Medical Equipment | Managed Equipment Services (MES) contract had expired at the time of the audit however the X-ray and the Imaging equipment in the hospital were being serviced by the biomedical engineer. The hospital does not have dialysis equipment and Intensive Care Unit (ICU) equipment. The x-ray and imaging equipment is still functioning. | Partly resolved | |

.....

Accounting Officer

*Lopiding Level 4 Hospital (Turkana County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|--|----------------|----------------------|---------------------|---------------------|---|---|
| MNCH Facility Construction and equipping | | Safaricom Foundation | | | Yes | Yes |
| | | | | | | |

Status of Projects completion

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|--|-----------------------|---------------------------|-------------------------|--------|--------|------------------|
| 1 | MNCH Facility Construction and equipping | | | | | | Donor Funds |
| | | | | | | | |

Lopiding Level 4 Hospital (Turkana County Government)
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Appendix III: Inter-Entity Confirmation Letter



Lopiding Level 4 Hospital
 P.O. Box 98-30503
 Lokichoggio, KENYA

The Lopiding Level 4 Hospital wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Lopiding Level 4 Hospital as at 30 th June 2024 | | | | | | | |
|--|----------------|---|-----------------|-----------------------|-------------------|--|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by Turkana County Exchequer (KShs) as at 30 th June 2024 | | | | Amount Received by Lopiding Level 4 Hospital (KShs) as at 30 th June 2024 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

| | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|

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

Head of Accounts Department of the beneficiary entity:

Name Amos Kibet Sign [Signature] Date 11/12/24

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V : Disaster Expenditure Reporting Template

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