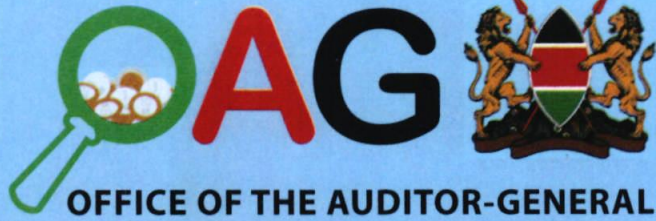


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**GATUNDU LEVEL 5 HOSPITAL - COUNTY
GOVERNMENT OF KIAMBU**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**GATUNDU LEVEL 5 HOSPITAL
(COUNTY GOVERNMENT OF KIAMBU)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 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 & Abbreviations

1. Acronyms & Glossary of Terms

FIF	Facility Improvement Fund
NHIF	National Hospital Insurance Fund
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
KMPDC	Kenya Medical Practitioners and Dentists Board
CHMT	County Health Management Team
MEDS	Mission for Essential Drugs and Supplies
KUTTRH	Kenyatta University Teaching and Referral Hospital
EEC	Executive Expenditure Committee
NEMA	National Environmental management Authority
HMT	Hospital management Team
H.A.O	Health Administrative Officer
N.S.M	Nursing Services Manager
S.C.M.O	Supply Chain Management Officer
V.A.T	Value Added Tax
N.H.I.F	National Hospital Insurance Fund
N.S.S.F	National Social Security Fund

(c) Key Management

The hospital's management is under the following key organs:
County Department of Health

The hospital management board

Accounting Officer

Med Sup

Hospital management team

Expenditure and Evaluation Committee

(d) Fiduciary Management

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

No	Designation	Name
1.	Med Sup	Dr. Catherine Munyendo
2.	Head of finance	Kennedy Kamau
3.	Health Administrative Officer	George Mbutia
4.	Nursing Services Manager	Jenelica Kagonda
5.	Supply Chain Management Officer	Rebecca Gatune

(e) Fiduciary Oversight Arrangements

• **KMPDC**

This is responsible for licensing hospitals and ensures compliance to the relevant regulations.

Health Committee in the County

This ensures there is adherence to policies of the government of the day

2. Key Entity Information and Management

(a) Background information

Gatundu Level 5 Hospital is a level (5) hospital established under gazette notice Number GK_009186 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

Introduction:

The financial statement document comprehensively covers the activities as well as the financial aspect for Gatundu level 5 hospital from 1st July 2023 to 30th June 2024.

It also includes budgetary allocation from the county treasury through FIF and NHIF which are the key sources of the hospital revenue.

I would like to recognize other key stakeholders who have assisted with material, staff and moral support for the daily running of the hospital. This includes our staff who have worked tirelessly so that we can improve access to quality essential health care services. This is towards the realization and achievement of vision 2030.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to promote and participate in provision of integrated and high quality curative and rehabilitative services to all Kenyans and to be an efficient Medical Care System for a Healthy Nation.

Vision

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

Mission

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

The core objectives of the institution

- Reduce morbidity and preventable deaths from infectious diseases
- Reduce morbidity and preventable deaths from non- communicable diseases
- Improve efficiency and quality of services and adopt healthcare innovations

- **CHMT**

The role of the County Department of Health includes;

Review and monitor the implementation of the Kiambu Health Act and advise the department on appropriate measures to be adopted for effective implementation of the act

Supervise and support the management of the hospitals and county health facilities

Assess the delivery and impact of the health care services within the county and advise the Executive Member

Monitor drugs and commodities availability and diagnostic standards

Recommend policies, strategies, regulations and standards to Executive Member

- **County Assembly**

The County Assembly plays the role of public finance management through the County Budget and Appropriations Committee. The responsibilities of the County Budget Committee in public finance management are;

Discuss and review the County Fiscal Strategy Paper, the Budget Estimates and the Finance Bill and make recommendations to the County Assembly.

Provide general direction on budgetary matters

Monitor all budgetary matters falling within the competence of the County Assembly under the PFMA and report on those matters to the County Assembly;

Monitor adherence by the County Assembly, the county government and its entities to the principles of public finance and others set out in the Constitution, and to the fiscal responsibility principles of the PFM Act;

Examine financial statements and other documents submitted to the County Assembly and make recommendations to the County Assembly for improving the management of the county's public finances;

Introduce the Appropriations Bill in the County Assembly.

Every County Assembly should also stipulate the functions of the County budget committee in the Assembly's Standing Orders. Some of these functions are as to:

Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget;

Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays, examine bills related to the county budget (including appropriations bills)

Other committees include.

- Hospital management Team
- Hospital Catering committee
- Hospital Quotation opening and evaluation committee
- Hospital Drugs and Therapeutic committee
- Hospital Theatre users committee
- Hospital Infrastructure and Development committee
- Training Ethics research committee
- Quality Control Inspection and Acceptance committee
- Infection Prevention Committee

(f) Entity Headquarters

Gatundu Level 5 Hospital
P.O Box 84-01030
Gatundu
Kinare Road
Kenya

(g) Entity Contacts

Telephone: (+254) 111495079
E-mail: gatundul4h@gmail.com
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank-F.I.F
Family Bank-Grant Account
Co-operative bank-Revenue Account



N.H.I.F Kenya Commercial Bank

- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

- (k) **County Attorney**
P.O. Box. 2344- 00900
Kiambu, Kenya



3. The Board of Directors



Directors	Details
<p>Njinji Murigi Board Chair</p> 	<p><u>Age</u> 39 Years</p> <p><u>Qualifications</u> Masters Environmental Planning-University of Nairobi Degree Urban Planning-University of Nairobi Diploma Project Management-Kenya Institute of management</p> <p><u>Experience</u> Consultant as an Urban Planner and Environmental Issues-Planning Farm Peman Consultants Board Member-Gatundu Level 5 Hospital Board</p>
<p>Ivy Wachira Member</p> 	<p><u>Age</u> 46 years</p> <p><u>Profession</u> Communication, guidance and counselling Protbcol and Public Relations</p> <p><u>Qualifications</u> Diploma in Public Communications Degree in Public Relations</p> <p><u>Work Station</u> Parliament of Kenya Serve in Staff welfare and Mental health committee</p> <p><u>Years in Service</u> 22 Yrs Board Member-Gatundu Level 5 Hospital Board</p>

*Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Period Ended 30th June 2024*

<p>Elizabeth Wanjiku Kanonga Member</p> 	<p><u>Age</u> 65 Years</p> <p><u>Experience</u> Chair lady-Social Economic Development Integrated Organization Farmers Dormant Board Member-Gatundu Level 5 Hospital Board</p>
<p>Geoffrey K Macharia Member</p> 	<p><u>Age</u> 59 Years</p> <p><u>Profession</u> Teaching Work station, Muthiga Girls in Gatundu south</p> <p><u>Qualifications</u> Diploma in Education</p> <p><u>Teaching experience</u> 32 Years Board Member-Gatundu Level 5 Hospital Board</p>
<p>Dr. catherine Munyendo Secretary</p> 	<ul style="list-style-type: none"> • Med Sup -Gatundu Level V Hospital • Promoting and protecting patient health and safety • Reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care

4. Management Team

 <p>Dr. Catherine Munyendo MED SUP <u>Qualification's</u> Bachelor of Science In Paediatrics</p>	<ul style="list-style-type: none"> • MED SUP-Gatundu Level V Hospital • Promoting and protecting patient health and safety • Reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care
<p>Mr. George Mbuthia Health Administrative Officer <u>Qualifications.</u> Bachelor of Arts (government and sociology</p>	<ul style="list-style-type: none"> • Responsible for deployment, training and appraisal of non-medical staff, including drivers, security guards and cleaners and overall Planning and administration.
 <p>Jenelica Kagondu Nurse Services Manager <u>Qualifications.</u> 1. Kenya Registered Clinical Health Nurse 2. Bachelor of Science in Clinical Nursing</p>	<ul style="list-style-type: none"> • Promoting and protecting patient health and safety • reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care.

 <p>Kennedy Kamau Accountant <u>Qualifications.</u> I. Certified Public Accountant of Kenya CPAK</p>	<ul style="list-style-type: none"> • Reviewing the hospital's financial records to ensure compliance with laws and regulations • Assisting with audits of the hospital's financial statements to ensure compliance • Vote book Control. • Maintenance of Cash Book. • Bank Reconciliation. • Preparation of Financial Statements.
 <p>Rebbeca Gatune Supply Chain Management Officer <u>Qualifications.</u> Degree in Supply Chain Management</p>	<ul style="list-style-type: none"> • Opening Tenders • Overall Supervision on Procurement/Stores • Raising Local Purchase Orders

5. Chairman's Statement

The Board was gazetted on 4th January 2023 and comprises of 5 members with the following mandate:

1. Provide oversight over several general administration of the hospital
2. Promote development of the hospital
3. Recommend to the CEC Health plans and programmes to be implemented in the hospital.
4. Recommend hospital budget estimates.
5. Assess the delivery of services and monitoring hospital performance and advise CEC-Health.

The team is committed and up to the task to ensure the above mandate are well executed
The key areas of interest are

1. Human resource management
2. Oversight of financial management at the hospital
3. Quality improvement
4. Public relations between the hospital and its catchment population

Human resource

The hospital has major human resources challenges

The nursing staff shortage is a serious concern that has been raised and is significantly impacting on service delivery

Similarly the hospital needs more medical officers as the ones currently available are seconded from KUTRRH and do not meet the desired number leaving major departments without coverage

The casual labourers both skilled and unskilled also offer support in the day to day running on the hospital but leave a huge wage bill on the hospital expenditure.

Oversight of financial management

The board receives the proposed annual budget as well as quarterly budgets for scrutiny and approval

This has enhanced transparency and accountability of the financial resources at the hospital

Several measures have been put in place to increase the hospital revenue

A great concern is the huge amount that is hospital pending bills we hope the county management can advise on the payment and way forward for the said amounts

Quality improvement


In the endeavour to improve the services provided at the hospital the board is actively involved in lobbying to have all key areas of service delivery to be fully operationalised

This will expand the menu of services provided increase hospital work load and ultimately hospital revenue

Areas of interest include fully operationalising the radiology department and ICU

The hospital has a small morgue that has a small capacity and only serves the hospital and not the local community
A new mortuary is needed to fully operationalise the hospital.

We are committed to support the hospital management team effectively run the hospital on a day to day basis and also serve as a linkage between major partners at the hospital including KUTRRH and the county government



.....
Name: Geoffrey Njinji
Chairman to the Board

6. REPORT OF THE MEDICAL SUPERINTENDENT

1. Service Delivery

There was minimal disruption of services during the period under review. The hospital received a lot of support from the County Government and partners. However, consumption of Non-pharmaceuticals pushing the overall expenditure on Drugs and Non-pharms to all time high. This called for negotiation with our suppliers for extension of debts payments. The hospital benefited from collaborations with Kenyatta University Teaching, Referral & Research Hospital. This particular partnership saw the hospital got additional health care workers and upgrade of health infrastructure.

2 Human Resource for Health

There was marginal increase in Human Resource. The number of Medical Officers increased from **5 (Five)** to **14 (Fourteen)** while the number of Nurses and Laboratory Technicians increased with **4 (Four)** and **10 (Ten)** respectively.

However, the number summarized below optional level as recommended by the World Health Organization across all the departments with the overall effect being service providers born-out.

3 Health commodities

To obtain value for money, the hospital purchased over **60%** of the drugs and Non-Pharms from either Kenya Medical Supplies Agency or Mission for Essential Drugs and Supplies. Local merchants were also considered and not less than **40%** of Health Commodities were purchased from local merchants. Huge debts continued to be a major challenge. The hospital suffered regular stock outs and low fill rates especially on drugs.

The closure of the financial year, the hospital owed a total of KES. 78,024,418.64 To Local Merchants, KEMSA and MEDS.

4 Health financing

The financial performance was as below;

- The cash transactions collected for the period was Kshs. 94,433,140.46 as FIF against a projection of Kshs. 100,000,000 which is 94% of the projection.
- Linda Mama /NHIF collections were Kshs. 65,971,400.00 against a projection of Kshs. 76,000,000 which is 90 % of the projection.

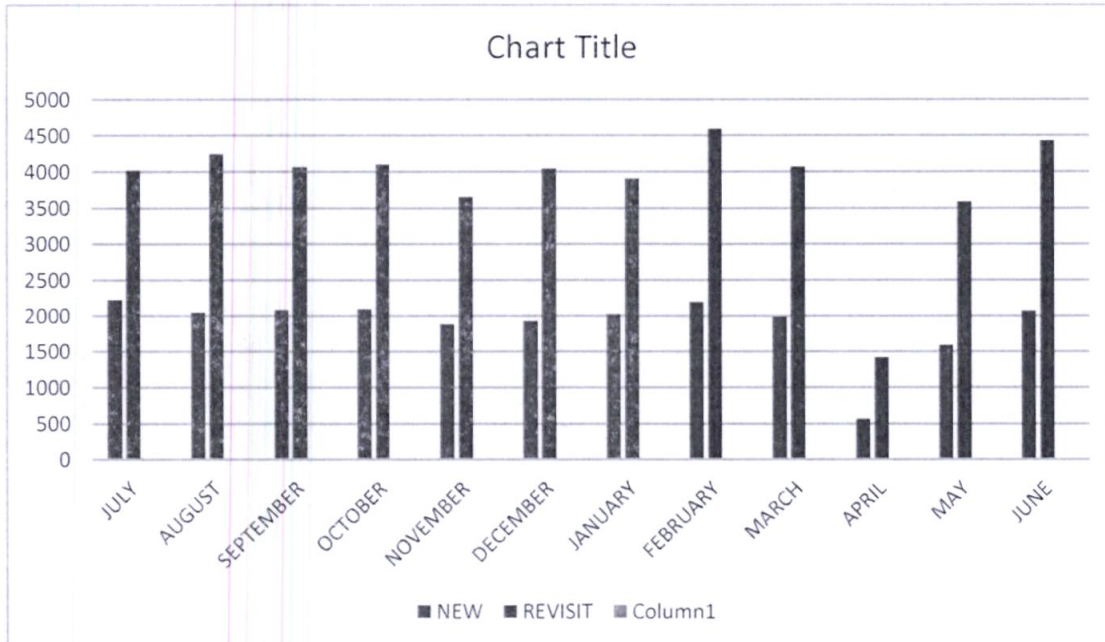
Secretary to the Board

Dr. Catherine Munyendo

7. Statement of Performance against Predetermined Objectives

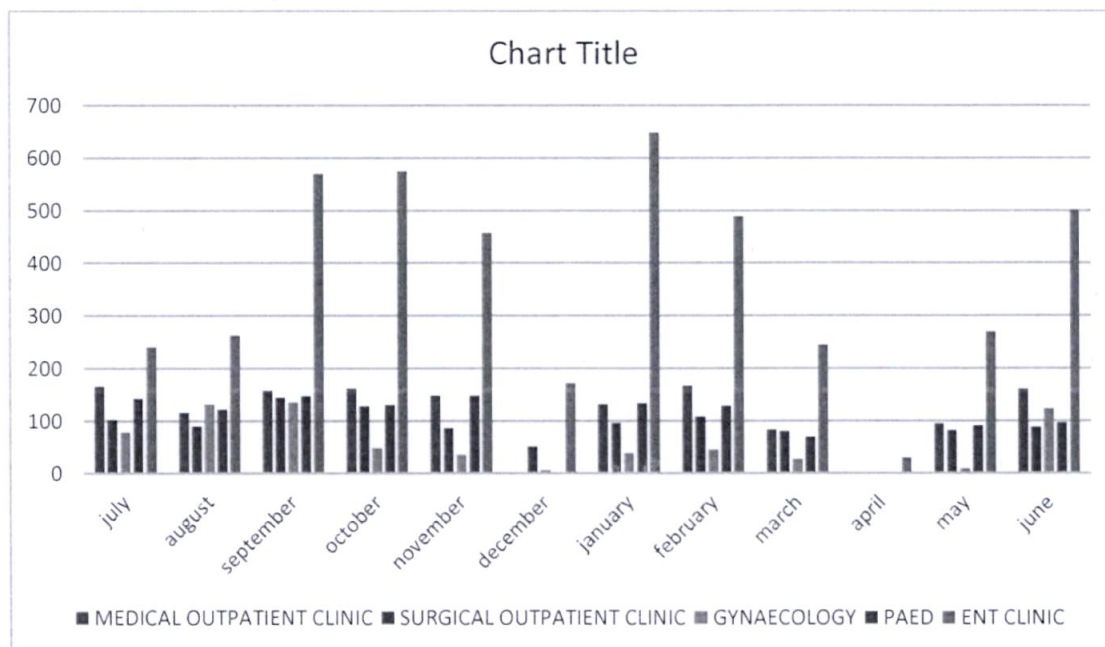
OUT PATIENT NEW AND REVISIT 1st JULY 2023 TO 30th June 2024

MONTH	NEW	REVISIT
July	2,230	4,019
August	2,053	4,247
September	2,088	4,062
October	2,102	4,098
November	1,890	3,653
December	1,930	4,046
January	2,030	3,907
February	2,198	4,596
March	1,997	4,074
April	571	1,419
May	1,591	3,592
June	2,069	4,432
Total	22,749	46,145



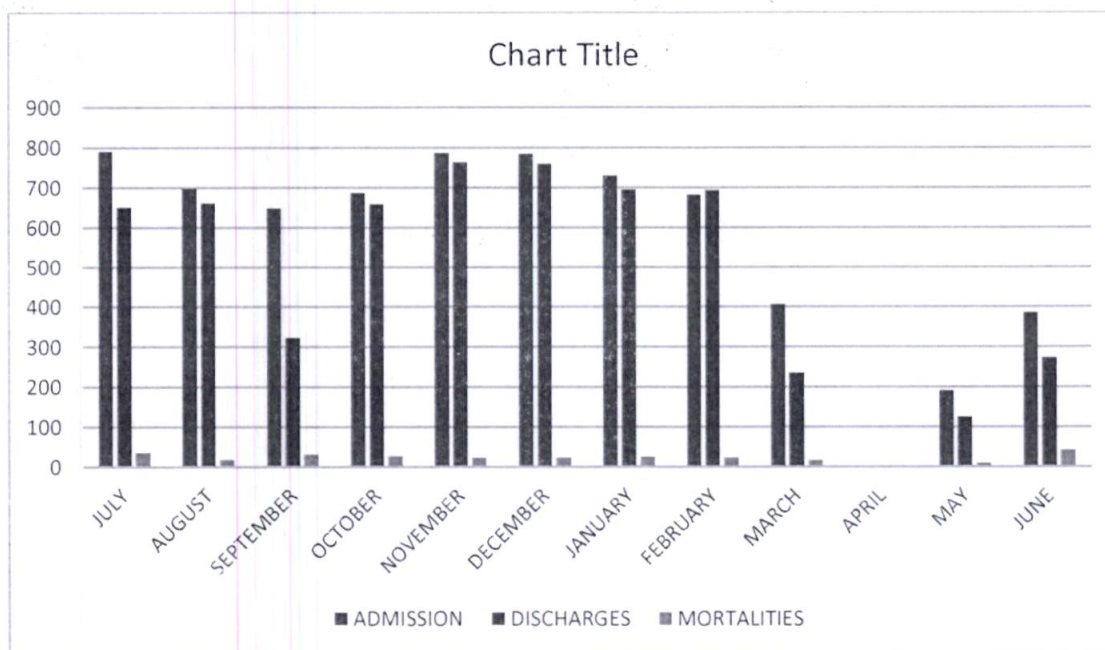
CONSULTANT CLINICS

	MEDICAL OUTPATIENT CLINIC	SURGICAL OUTPATIENT CLINIC	GYNAECOLOGY	PAED	E.N.T. CLINIC
July	166	103	78	143	241
August	116	90	132	122	263
September	158	145	136	147	570
October	162	128	48	131	574
November	148	86	36	148	458
December	0	51	6	0	172
January	132	96	39	134	648
February	167	109	45	129	489
March	83	80	27	70	245
April	0	0	0	0	30
May	95	82	9	91	270
June	161	88	123	97	501
TOTAL	1,388	1,058	679	1,212	4,461



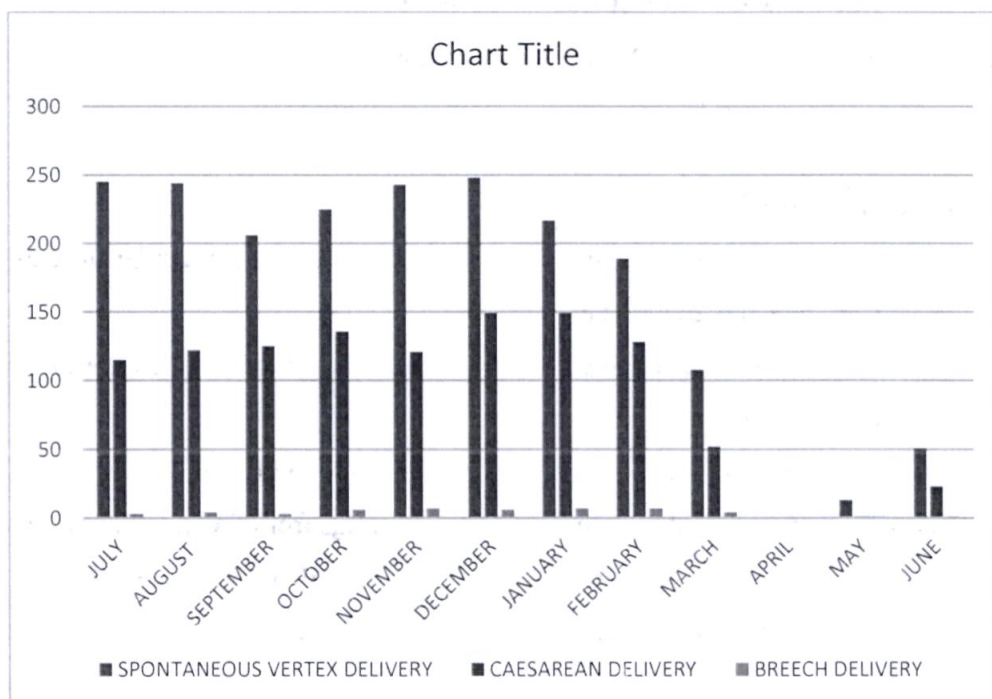
**ADMISSION
 AND
 MORTALITIES**

	ADMISSION	DISCHARGES	MORTALITIES
July	790	651	36
August	699	661	19
September	649	323	31
October	687	659	28
November	787	764	23
December	784	760	24
January	731	695	26
February	682	693	23
March	406	235	17
April	0	0	0
May	191	126	10
June	386	274	43



MATERNITY DELIVERIES

	SPONTANEOUS VERTEX DELIVERY	CAESAREAN DELIVERY	BREECH DELIVERY
July	245	115	3
August	244	122	4
September	206	125	2
October	225	136	6
November	243	121	7
December	248	149	6
January	217	149	7
February	189	128	7
March	108	52	4
April	0	0	0
May	13	1	1
June	51	23	1



In the 1st, 2nd, 3rd and 4th Quarter that ended 30th June 2024, Gatundu Level V Hospital collected ksh 94,433,140.46 as F.I.F cash collections and ksh 65,971,400.00 being NHIF Collections.

SECTION B

Entity's compliance with statutory requirements.

- Gatundu Level V Hospital ensures compliance with all legal policies, national and international guidelines as pertains service delivery.
- Gatundu Level 5 Hospital conforms to the statutory deductions including NSSF, NHIF and 2% withholding VAT.

SECTION C

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

There are two projects on going in collaboration with Kenyatta University Teaching and Referral Hospital namely tower II project and landscaping.
The projects are being financed by the National Government

There are two projects on going in collaboration with Kenyatta University Teaching and Referral Hospital namely tower II project and landscaping.
The projects are being financed by the National Government.

SECTION D

Major risks facing the entity

- i. There is possibility of further medical legal cases. This remains a viable threat because of more enlightened clientele demanding better services.
- ii. A lot of waivers as patients are unable to cater for their medical bills as most are casual labourers in in the area.
- iii. Pilferage of hospital resources – there is an ongoing investigation with the District Criminal Investigation Officer – Gatundu about the loss of drugs from the hospital stores. A member of staff in the casual establishment has been implicated. The ongoing county CCTV installation will go a long way in reducing such incidences.

- iv. Waste management – there is no functional incinerator and the septic tanks are dilapidated. We have had complaints from the community because of burst sewers and smoke from burning medical waste in the open.

Section E

Material arrears in statutory/financial obligations

Gatundu Level 5 Hospital is facing financial challenges due to accumulation of pending bills for the way back dating to 2017.

The facility has arrears from NHIF cumulating to kshs 26,183,980, Learning institutions cumulating to kshs 267,000 and as at 30th June 2024 we owed our contracted workers two months arrears (May and June) kshs 1,660,914.62 but the payment process for the same has started.

Huge pending bills is also affecting the Facility Operations as most merchants are unable to supply commodities.

Section F

The entity's financial probity and serious governance issues

Gatundu Level 5 Hospital has adopted ethical code of conduct in matters procurement. This involves floating quotations in a transparent manner, receipt and inspection of goods via nominated committees by the Accounting officer. Once funds are available we pay as per the availability of funds when the executive expenditure committee holds a meeting and the same is passed in the Hospital Management team.

8. Corporate Governance Statement

The Executive Member shall appoint a Hospital Board for a level four and above hospital, comprising of-

1. Chairperson who shall not be a staff of the County Government of Kiambu with a minimum of a diploma;
2. The hospital superintendent who shall be the secretary;
3. A representative of the Chief Officer;
4. Four residents of the sub-county in which the hospital is located who has attained basic level education taking into account gender parity and special interest groups.

The Board may co-opt any person with relevant expertise necessary to assist the Board determine with matter before it.

A person shall not be appointed as a Chairperson of a Board unless that person -

1. Is a Kenyan;
2. Possesses at least a diploma from an institution recognized in Kenya;
3. Has experience in management, leadership or administration; and
4. Meets the requirements Chapter six of the Constitution.

The Members of the Board, other than an ex-officio Member, shall serve for a term of three years which may be renewed.

The Board shall-

1. Provide oversight over the general administration of the hospital;
2. Promote the development of the hospital;
3. Recommend to the Executive Member plans and programs for

- implementing the county health strategies in the hospital;
4. Recommend to the Executive Member budget estimates;
 5. Establishing a hospital-community participation and feedback platform;
 6. Assessing the delivery of services at the hospital and advice the Executive Member;
 7. Monitoring the hospitals performance against set targets and advice the Executive Member; and
 8. Carrying out any other function that may assigned by the Executive Member.

The term of office of a member shall be three years which term may be renewed.

The Executive Member may by Regulations prescribe the conduct of business of the Board.

The Executive Member may remove from office any member of the Board who-

1. Has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
2. Is bankrupt;
3. Is unable to discharge his or her duties due to physical or mental incapacity;
4. Violates or is suspected of violating the provisions of Chapter six of the Constitution;
or
5. Is charged with a criminal offence in court of law or a traffic offence attracting an imprisonment term of a minimum of six months.

9. Management Discussion and Analysis

Section A

Entities operation and financial performance

- Bed capacity of the hospital. – **300**
- There is a second tower in progress that will be able to accommodate an additional 150 patients in addition to extension of other departments
- Majority of our admissions are maternity thus pointing to the need for upgrading our maternity unit to accommodate the increasing number of deliveries. The general inpatient wards consist mainly of paediatrics, medical, surgical and elderly patients with chronic non communicable diseases. This puts more emphasis on the need for enhancing laboratory services

- **Commodities** – we have been able in the last month with the assistance of the county government and KUTRRH to stabilize drug supply to the facility.
- Hospital management information system (HMIS) – a project via KUTRRH is ongoing and we hope soon the hospital will be paperless. No clear timeline has been given by the contractor.
- **Infrastructure** – tower 2 remains on schedule. Power upgrade for the old hospital is ongoing but has been complicated by the scarcity of a transformer. This will greatly assist the hospital to run efficiently the micro-wave waste burner, oxygen plant, renal unit, and the kitchen. The contractor is on site. Oxygen piping and bulk liquid oxygen tank by BOC limited is ongoing. The plinth area is nearing completion and the extra piping and oxygen outlets are being fixed.

- **Leadership** – we take this opportunity to welcome our board of management under the able leadership of the Chairman, Urban planner Njinji Murigi. We have had one meeting and several visit by different board members. We have noticed a lull on hospital criticism from the public since the board was inaugurated. Welcome Chair and team.

- **Title deed** – together with the CEC health, the board and other stakeholders, a PDP is in place and is being waited for gazettelement by the CEC land. So far, the engagement has been cordial and we are on course to get a title deed for the hospital land soon. This matter is of great interest to the current board and they really are the drivers of this very important matter.

- **Sponsorships and partnerships**

The hospital has been in partnership with various institutions including Jomo Kenyatta University, Kenyatta University, Kenyatta University Teaching and Referral Hospital, Presbyterian University of East Africa among others, and some ongoing partnership programmes with Mama Ngina University.

10. Environmental And Sustainability Reporting

Gatundu Level 5 Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Gatundu level 4 hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/patient first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile.

Gatundu level 5 hospital operations are legal and adhere to guidelines issued by regulatory bodies such as Kenya medical and dentist practitioner's board.

ii) Environmental performance

In the next financial year the Gatundu hospital intends establish a policy guideline on safeguarding the environment tailored to the NEMA protocols. We are in the process of acquiring an incinerator courtesy of KUTRRH. The hospital has a bio digester system which is operational.

iii) Employee welfare

Hiring of staff is done by the county public service board on behalf of our facility. However any other support staff are hired after deliberation by the hospital management team EEC and HMT to cover the gaps that the county has not filled and any other shortages due to workload. This is done in a competitive mode.

iv) Market place practices-

a) Responsible competition practice.

We have set up a customer care centre that also acts as the linda mama help desk that is active. to handle complaints and settle conflicts whenever they arise.

b) Responsible Supply chain and supplier relations

In order to build trust from the suppliers and to have consistency in the supply of goods and services, we honour payments to our suppliers as soon as the funds are available, though there is a big challenge as funds are not sufficient to meet their demands and we have a pile up of pending bills due to some funds collected being unreimbursed.

c) Responsible marketing and advertisement

The hospital shall ensure that not only patient needs are met, but also have a positive impact on them and the community, of which we are both a part of.

d) Product stewardship

All members of staff are trained in proper waste segregation of medical waste. In various Service departments, we have set up different coloured and labelled bins for waste management.

e) CSR / Community Engagements

We have been running outreach camps to offer free polio immunisation services and mental counselling camps to the community.

11. Report of the Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of Gatundu Level V affairs.

Principal activities

The principal activities of the entity are to offer high quality, affordable curative and preventive health care services to the community.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 19 to 40

Board of Management

During the year, 5 Board members were appointed with effect from 6th January 2024

Auditors

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



.....
Name Dr Catherine Munyendo

Secretary to the Board

12. Statement of the Board of Directors' Responsibilities

Section 166 of the Public Finance Management Act, 2012 require the Directors to prepare quarterly financial statements in respect of Gatundu Level 5 Hospital, which give a true and fair view of the state of affairs of Gatundu Level 5 Hospital at the end of the period and the operating results of Gatundu Level 5 Hospital for that period. The Directors are also required to ensure that Gatundu Level 5 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Gatundu Level 5 Hospital. The Directors are also responsible for safeguarding the assets of Gatundu Level 5 Hospital

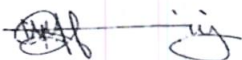
The Board of Directors is responsible for the preparation and presentation of Gatundu Level 5 Hospital financial statements, which give a true and fair view of the state of affairs of Gatundu Level 5 Hospital for and as at the end of the period ended on 30th June 2024. This responsibility includes: (i) 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 Gatundu Level 5 Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accepts responsibility for Gatundu Level 5 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 and Kiambu Health Management Act 2019. The Board members are of the opinion that the Gatundu Level 5 Hospital financial statements give a true and fair view of the state of Gatundu Level 5 Hospital transactions during the financial year ended 30th June 2024, and of Gatundu Level 5 Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Gatundu Level 5 Hospital, which have been relied upon in the preparation of Gatundu Level 5 financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Gatundu Level 5 will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 1st August 2024 and signed on its behalf by:



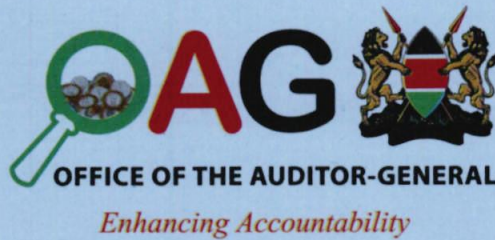
.....
Name: Geoffrey Njinji
Chairperson
Board of Directors



.....
Name: Dr. Catherine Munyendo
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 GATUNDU LEVEL 5 HOSPITAL - COUNTY GOVERNMENT OF KIAMBU FOR THE YEAR ENDED 30 JUNE, 2024

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 Gatundu Level 5 Hospital set out on pages 1 to 50 which comprise the of financial position as at 30 June, 2024 and the

Report of the Auditor-General on Gatundu Level 5 Hospital - County Government of Kiambu for the year ended 30 June, 2024

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

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Gatundu Level 5 Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Health Act No.21 of 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances Between the Financial Statements and Ledger

The statement of financial performance and Note 10 to the financial statements reflects revenue from rendering services-medical service income totalling Kshs.94,357,140. However, examination of the components under rendering of services (medical services income) revealed variances with the balances reflected in the revenue system generated reports (Fun soft) and financial statement balance as tabulated below;

Item	Financial Statements Balance (Kshs)	Ledger Balance (Kshs)	Variance (Kshs)
Non - Pharmaceuticals	5,234,075	1,537,483	3,696,592
Laboratory	16,333,977	16,337,077	(3,100)
Ear, Nose and Throat Service	776,000	776,700	(700)
Pediatrics Services	2,904,773	2,910,473	(5,700)
Other Medical Services Income	24,094,703	32,097,491	(8,002,788)
Orthopedic and Trauma Technology	368,700	0	368,700

No explanation or reconciliation was provided for the variances.

In the circumstances, the accuracy and completeness of rendering of services (medical services income) balance of Kshs.94,357,140 could not be confirmed.

2. Unsupported Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transactions of Kshs.160,404,540 which includes rendering of services-medical service income of Kshs.94,357,140, revenue from rent of facilities of Kshs.76,000 and other receipts-NHIF of Kshs.65,971,400. However, Management did not provide evidence of supporting documents which include ledgers, receipts, acknowledgment from County Government

in receipt of funds transferred from the hospital, invoices, signed rental agreements cashbook, bank statements, recording register and Mpesa paybill statement showing revenue amount collected and transferred to the County Government of Kiambu and other confirmations in support of the above receipts were not provided for audit.

It was also not possible to confirmed if the revenue was transferred to County Government of Kiambu or spent at source.

In the circumstances, the accuracy, completeness and validity of revenue amount of Kshs.160,404,540 could not be confirmed.

3. Gaps in Employee Costs

The statement of financial performance and Note 15 to the financial statements reflects employee cost amount of Kshs.8,105,922. However, review of the human resources records provided for audit revealed the following unsatisfactory matters;

- i. The Hospital did not have an approved staff establishment.
- ii. The Hospital did not have career progression guidelines
- iii. The monthly payrolls for the casuals were not provided for review, and hence the accuracy per month could not be confirmed.
- iv. The Hospital utilized casuals for periods exceeding 3 months to run the operations of the Hospital including cashiers, billing, pharmacy and lab.
- v. The Hospital received services from staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.
- vi. The payment vouchers for the month of May and June, 2024 were not provided for review.

In the circumstances, the accuracy and completeness of employee cost amounting to Kshs.8,105,922 could not be confirmed.

4. Inaccuracy of the Net Assets and Liabilities

The statement of financial position reflects total net assets balance of Kshs.47,286,685. However, the values for revaluation reserve, accumulated surplus/deficit and capital fund which represents net assets are not indicated whereas the statement of changes in net assets reflects net assets totalling Kshs.91,182,281.

In the circumstances, the accuracy of the net assets balance of Kshs.47,286,685 could not be confirmed.

5. Variance between Financial Statements and Cashbook

The statement of financial position and Note 26 to the financial statements reflects cash and cash equivalents balance of Kshs.25,673,289. However, the Facility Improvement Fund (Hospital operations) account held at KCB shows Kshs.20,056,743 as reported in the financial statements while the cash book shows a balance of Kshs.19,910,145 resulting to an unreconciled variance of Kshs.146,597. Further, revenue account at Family bank had a balance of Kshs.427,259 as reported in the financial statements and zero (0) balance in the cash book resulting in a variance of Kshs.427,259.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.25,673,289 could not be confirmed.

6. Unsupported Transactions

6.1 Telephone Services

The statement of financial performance and Note 20 to the financial statements reflects general expenses amount of Kshs.28,442,695 which includes Kshs.287,352 spent on telephone and mobile phone services. However, payment vouchers and schedules provided in support of staff airtime allowance amounted to Kshs.241,000 resulting to a variance of Kshs.46,352. Further, staff airtime policy and rate per staff were not provided for review.

6.2 Receivables from Exchange Transactions

The statement of financial position and Note 27 to the financial statements reflects receivables from exchange transactions balance of Kshs.26,450,980. The balance consists of medical services receivables balance of Kshs.26,183,980 and other exchange debtors of Kshs.267,000. However, the balance was not supported by detailed listings of the receivables. Further, detailed receivables ageing analysis in support of the balance was not provided for audit.

6.3 Inventories Balance

The statement of financial position reflects a balance of Kshs.44,632,283 in respect of inventories as disclosed in Note 29 to the financial statements. However, the balance was not supported with a detailed schedule of inventories, valuation and stock taking report.

6.4 Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.28,821,552 in respect of property, plant and equipment as disclosed in Note 30 to the financial statements. However, the balance was not supported with a detailed schedule of the fixed assets. Further, additions during the year of Kshs.2,845,000, were not supported by a detailed schedule, payment vouchers and contract agreements. In addition, it was observed that the balance did not include the value for land, buildings, motor vehicles, furniture and

fittings, ICT equipment and capital works in progress previously acquired and in use by the Hospital.

6.5 Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.78,024,419 as disclosed Note 33 to the financial statements. However, the balance was not supported by invoices, delivery notes, purchase orders and goods received notes.

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

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Gatundu Level 5 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects actual revenue of Kshs.160,404,540 against, the hospital spent an amount of Kshs.69,222,260 resulting to an under-utilization of Kshs.91,182,280 or 57% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Unresolved Issues

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not provided progress on follow up of prior year

Report of the Auditor-General on Gatundu Level 5 Hospital - County Government of Kiambu for the year ended 30 June, 2024

Auditor's recommendations. Further, no explanation was provided for failure to resolve the issues.

Other Information

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

In connection with my audit on the Gatundu Level 5 Hospital Management financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of the financial statements revealed the following anomalies;

- i. The word ANNUAL at the cover page is incorrectly written as "ANNAUL".
- ii. The table of contents numbering does match to the page numbering.

- iii. Key qualifications of the Board of directors are not included under the details of all directors. Further, it is not indicated whether the directors are independent or executive directors and which committee of the Board each director chairs where applicable.
- iv. The statement of changes in net asset for the year ended 30 June, 2024 was not prepared and included in the financial statements.
- v. Report of the Auditor-General is omitted in both the table of contents and in the financial statements.
- vi. Performance information has not been presented in a table showing strategic pillar/ theme/ issue, objective of each pillar, key performance indicators, activities and achievements in accordance to the template.
- vii. Corporate governance statement does not include details of the Board meetings held and attendance to the meetings. information on Board charter, conflict of interest and Board remuneration details is also omitted. Further, induction and training, conflict of interest, Board remuneration, ethics, and conduct as well as governance audit are omitted.
- viii. Not 41 to the financial statements which is supposed to show how cash generated from operations was arrived at reflects nil balances.
- ix. Progress on follow up of auditor recommendations is not included in the financial statements.

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

2. Failure to Prepare Cashbooks and Bank Reconciliation Statements

The statements of financial position and Note 26 to the financial statements reflect cash and cash equivalents balance of Kshs.25,673,289 being total for four (4) bank accounts' balances operated by the Hospital. The bank account for Gatundu Level 5 Hospital with a balance of Kshs.427,259 in a local bank was not supported by a cashbook and bank reconciliation statement. Further, the balance was not supported by bank certificate or bank statement.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.25,673,289, could not be confirmed.

3. Facility Checklist Variances

3.1 Hospital Categorization Checklist Variances

Review of Gatundu Level 5 Hospital records and physical verification of Hospital facilities revealed variances between the checklist for level 5 hospital minimum requirements and equipment and facilities at Gatundu Level 5 Hospital as indicated at **Appendix I**.

In the circumstances, the equipment and facilities at the Hospital are less than the requirement of Level 5 Hospital and therefore the expected service delivery to the public may not be achieved.

3.2 Variances in Hospital Equipment Distribution Checklist

Review of Gatundu Level 5 Hospital revealed variances between the Level 5 hospital requirements as per the hospital equipment distribution checklist provided and what the hospital had highlighted as indicated in table below.

S/No	Actual Numbers	Expected Numbers	Variance
Facility Name		Sn -29-Gatundu L5h	
Stretchers	5	5	0
BGA Machine	0	5	5
BP Machine	20	5	-15
Drip Stand	150	5	-145
Delivery Beds	3	5	2
Nebulizers	3	5	2
Infusion Pump	8	5	-3
Exam Lights	5	5	0
Patient Monitors	12	5	-7
Sonicaid Fetal Scope	1	5	4
Oxygen Concentrators	2	5	3
Pulse Oximeter	5	5	0
Suction Machine	5	5	0
Wheel Chairs	10	5	-5
Digital Xray	1	5	4
Ultrasound Machine	1	5	4
Digital Iopa	1	5	4
HBA1C Machine	1	1	0

In the circumstances, the variance between the Hospital expected facilities and actual distributed equipment indicates excess and shortages in supply of facilities. As a result, the excess facilities may have remained idle and in case of shortages, the Hospital may not have been able to offer the anticipated services to the public.

4. Non - Procurement from KEMSA – Procurements from Sources Other than KEMSA

The statement of financial performance and Note 14 to the financial statements reflects medical costs totaling Kshs.32,673,643. Included in the amount is Kshs.21,578,471 incurred on the purchase of various pharmaceutical and non-pharmaceuticals as

disclosed in **Appendix II** which were procured from various suppliers other than KEMSA contrary to Kenya Medical Supplies Authority Act No. 20 of 2013 which requires health facilities, referral hospitals and Counties to procure drugs and medical supplies from KEMSA.

Under the circumstances, it is not possible to confirm whether the prices offered were competitive and value for money achieved in procurement of pharmaceutical supplies, laboratory chemicals and reagents and non-pharmaceutical items.

5. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.78,024,419 as disclosed in Note 33 to the financial statements. This amount includes Kshs.62,089,367 payable to suppliers that had been outstanding for more than 180 days as tabled below;

Outstanding Period	Amount Due (Kshs)
1-2 years	50,089,367
2-3 years	12,000,000

In the circumstances, failure to settle the outstanding bills may lead to litigation and penalties of fines which may negatively affect delivery of services to the residents.

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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weakness in Revenue Collection Management

Review of the revenue accounting system at the Hospital revealed that duties of revenue collection, preparation, checking reconciliations and reporting of revenue received were being handled by an individual instead of segregating of duties among other officers.

In the circumstances, the existence of effective internal controls to safeguard against revenue loss and key processes of internal controls capable of providing an audit trail, could not be confirmed.

2. Operations Without Policy Documents

Audit of the Hospital revealed that Management operated without well documented policy documents in place to effectively guide the facility as listed below and as a result, strategic goals and objectives, action plans, and future roadmap of the hospital is unknown.

- i. HR Policies and Procedure Manuals
- ii. Finance and Accounting Policy
- iii. HR Planning and Succession Management Policy
- iv. Risk management policy
- v. Disaster recovery plan
- vi. Strategic plan
- vii. Debtors' management policy
- viii. Creditors management policy
- ix. IT security policy
- x. IT Strategic plan
- xi. Environmental control policies and procedures

In the circumstances, lack of the listed policy documents may lead to inconsistent performance, poor use of resources and failure to stay competitive. In addition, Management was in breached the law.

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

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Appendices

Appendix I: Hospital Categorization Checklist Variances

	Criteria	MINIMUM REQUIRED	In place	Variance
1	Staffing Requirement			
	Total	323	100	223
	Medical Officers	50	5	45
	Anesthesiologists	7	1	6
	General Surgeons	4	2	2
	Gynecologists	4	2	2
	Pediatricians	4	2	2
	Radiologists	4	1	3
2	Services Offered		Yes/No	
	Surgical Services		yes	
	Pediatric Services		yes	
	Gynecology Services		yes	
	Radiology Services		yes	
	Renal/ Dialysis Services		yes	
	Tuberculosis Services		yes	
	Chemotherapy,		NO	
3	Bed Capacity	500	300	200
4	Equipment & Machines			
	Icu	12	6	6
	Hdu	12	0	12
	Operational Theatres	7	3	4
	Incubators In The New Born Unit	10	3	7
	HDU Cots In The New Born Unit	10	5	5
	Delivery Coaches		2	-2
5	Ambulances	1		
6	Governance By Board of Managements			
	Validity of The Team Present		VALID	
	Regular Meeting		YES	
	Qualified Members		4	
7	Policy Documents Eg Risk Mgt Policy		In Progress	

Report of the Auditor-General on Gatundu Level 5 Hospital - County Government of Kiambu for the year ended 30 June, 2024

8	Audit Committee & Internal Audit		Yes	
9	Asset Mgt			
	Land Size	10 acres	No information	
	Fixed Assets Register		No information	
	Ownership Documents		No information	
	Equipment In Good Service		No information	
10	Store Management			
	Expired Drugs			
	Adequate Storage Space		Yes	
	FIFO Issuance of Drugs		yes	

4 Appendix II: Procurements from Sources Other than KEMSA

Category		Payee	Amount (Kshs)	CHEQ.NO	PV
LABORATORY REAGENTS	1	In - Vitro Diagnostic (E.A) Limited	1,096,982	3043/44	49
	2	In - Vitro	3,157,935	3087	138
	3	In - Vitro Diagnostics (E.A) Ltd	1,703,650	2970	27
	4	In - Vitro Diagnostics (E.A) Ltd	294,939	3042/43/44	50
	6	In-Vitro	54,780	3092	137
	-	-	Total	6,308,286	
DRESSING AND NON-PHARMS	1	Brighton Pharmaceuticals	1,631,275	3029/30/31/32/33	223
	2	Brighton Pharmaceuticals	3,088,968	3114/15/16/19	147
	3	Spetarian Sunstone Limited	1,825,200	003117/003120	148
	4	Miltopharma	1,206,440	2964/65	23
	-	-	Total	7,751,883	
PHARMACEUTICAL SUPPLIES					
	1	MEDS	3,813,865	3130	153
	2	MEDS	505,510	3149/50/51/52	169
	3	MEDS	3,198,927	3149/50/51/52	169
	-	-	Total	7,518,302	
			21,578,471		

13. Statement of Financial Performance for the Period Ended 30th June 2024

Description	Notes	Period Ended 30 th June 2024	30 th June 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	5	000	00
In- kind contributions from the County Government	6	000	2,134,511.00
Grants from donors and development partners	7	000	000
Transfers from other Government entities	8	000	000
Public contributions and donations	9	000	000
Total Revenue from non- exchange transactions		000	2,134,511.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	10	94,357,140.46	86,897,862.00
Revenue from rent of facilities	11	76,000	42,000 .00
Finance / interest income	12	-	-
Other receipts-NHIF	13	65,971,400.00	38,822,575.00
Total Receipts		160,404,540.46	127,896,948.00
Expenses			
Medical/Clinical costs	14	32,673,643.00	50,956,478.00
Employee costs	15	8,105,921.72	12,376,123.00
Board of Management Expenses	16	-	
Depreciation and amortization expense	17	-	-
Repairs and maintenance	18	-	1,308,200
Grants and subsidies	19	-	-
General expenses	20	28,442,695.00	34,979,094.00
Finance costs	21	-	000
Total expenses		69,222,259.72	99,619,895.00

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Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Other gains/(losses)			000
Gain on disposal of non-Current assets	22		000
Unrealized gain on fair value of investments	23		000
Medical services contracts Gains/Losses	24		7,362,342.00
Impairment loss	25		000
Gain on foreign exchange transactions			000
Total other gains/(losses)			7,362,342.00
Net Surplus for the year		91,182,280.74	20,914,711.00

The notes set out on pages 8 to 38 form an integral part of these Financial Statements.



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:24898



.....
Medical Superintendent

Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Period Ended 30th June 2024

14. Statement of Financial Position as at 30th June 2024

Statement of Financial Position as at Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	25,673,289.03	10,473,795.00
Receivables from exchange transactions	27	26,183,980.00	33,782,080.00
Receivables from non-exchange transactions	28		35,464,709.00
Inventories	29	44,632,283.00	73,913,182.00
Total Current Assets		96,489,552.03	153,633,766.00
Non-current assets			
Property, plant, and equipment	30	28,821,552.00	2,845,000.00
Intangible assets	31	-	0
Investment property	32	-	0
Total Non-current Assets		28,821,552.00	2,845,000.00
Total assets		125,311,104.03	156,478,766.00
Liabilities			
Current liabilities			
Trade and other payables	33	78,024,418.64	82,737,275.00
Refundable deposits from customers/Patients	34	-	
Provisions	35	-	
Finance lease obligation	36	-	
Current portion of deferred income	37	-	
Current portion of borrowings	38	-	
Social Benefits	40		
Total Current Liabilities		78,024,418.64	82,737,275.00
Non-current liabilities			
Provisions	39	000	000
Non-Current Finance lease obligation	36	000	000
Non-Current portion of deferred income	37	000	000
Non - Current portion of borrowings	38	000	000
Service concession liability	39	000	000

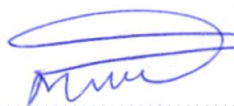
Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Period Ended 30th June 2024

Statement of Financial Position as at Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Social Benefits	40	000	000
Total Non-current liabilities			000
Total Liabilities		78,024,418.64	82,737,275.00
Net assets			
Revaluation reserve			
Accumulated surplus/Deficit			
Capital Fund			
Total Net Assets		47,286,685.39	73,741,491.00

The Hospital's financial statements were approved by the Board on 1st August 2024 and signed on its behalf by:



Chairman
Board of Directors



Head of Finance
ICPAK No:24898



Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	000	000		
Revaluation gain	000	-	-	000
Surplus/(deficit) for the year	-	000	-	000
Capital/Development grants	-	-	000	000
As at June 30, 2023	000	000		
At July 1, 2023	000	000		
Revaluation gain	000	-	-	000
Surplus/(deficit) for the year	-	91,182,280.74	-	91,182,280.74
Capital/Development grants	-	-	000	000
At June 30, 2024	000	91,182,280.74		91,182,280.74

16. Statement of Cash Flows for The Period Ended 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			
Grants from donors and development partners			-
Transfers from other Government entities			-
Public contributions and donations			-
Rendering of services- Medical Service Income	10	94,357,140.46	86,897,862.00
Revenue from rent of facilities	11	76,000.00	42,000.00
Finance / interest income		-	-
Other receipts-NHIF	13	65,971,400.00	38,822,575.00
Total Receipts		160,404,540.46	125,762,437.00
Payments			
Medical/Clinical costs	14	32,673,643.00	50,956,478.00
Employee costs	15	8,105,921.72	12,376,123.00
Board of Management Expenses	16	-	-
Repairs and maintenance	18		1,308,200.00
Grants and subsidies		-	-
General expenses	20	28,442,695.00	34,979,094.00
Finance costs		-	-
Refunds paid out		-	-
Total Payments		69,222,259.72	99,619,895.00
Net cash flows from/(used in) operating activities		91,182,280.74	26,142,542.00
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets	30	28,821,552.00	2,845,000.00
Proceeds from the sale of property, plant, and equipment		000	-
Acquisition of investments		(000)	-

Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Period Ended 30th June 2024

Net cash flows from /(used in) investing activities	30	28,821,552.00	2,845,000.00
Cash flows from financing activities			
Proceeds from borrowings		000	
Repayment of borrowings		(000)	
Capital grants received		000	- 000
Net cash flows from /(used in) financing activities		(000)	
Net increase/(decrease) in cash and cash equivalents		62,360,728.74	23,297,542.00
Cash and cash equivalents at Period Ended 30th June	26	25,673,289.03	10,473,795.00

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Chairman
Board of Directors

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Head of Finance
ICPAK No:24898

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Medical Superintendent

**17. Statement of Comparison of Budget and Actual Amounts for the Period Ended
 Period Ended 30th June 2024**

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	a	b	c=(a+b)	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from the County Government					
Grants from donors and development partners					
Transfers from other Government entities					
Public contributions and donations					
Rendering of Services-Medical Services Income	94,357,140.46	0	94,357,140.46	94,357,140.46	100.00
Revenue from Rent of facilities	76,000.00	0	76,000.00	76,000.00	100.00
Finance / interest income	-	0	-	-	
Other Receipts-NHIF	65,971,400.00	0	65,971,400.00	65,971,400.00	100.00
Total income	160,404,540.46	-	160,404,540.46	160,404,540.46	100.00
Expenses					
Medical/Clinical Costs	32,673,643.00	-	32,673,643.00	32,673,643.00	100
Employee costs	8,105,921.72	-	8,105,921.72	8,105,921.72	100
Remuneration of directors		-	-		
Repairs and maintenance		-			00.00
Grants and subsidies		-	-		
General Expenses	28,442,695.00	-	28,442,695.00	28,442,695.00	
Finance costs	-	-	-	-	
Refunds	-	-	-	-	
Total expenditure	69,222,259.72	-	69,222,259.72	69,222,259.72	100

Surplus/Deficit for the period	91,182,280.74	-	91,182,280.74	91,182,280.74
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18. Notes to the Financial Statements

1. General Information

Gatundu Level 5 Hospital established by and derives its authority from Health Act 12. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide affordable and quality care.

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 Gatundu Level 5 Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Gatundu Level 5 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. Summary Of Significant Accounting Policies

a) Revenue recognition

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.), 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.

Significant Accounting Policies continued

Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the

contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

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.

b) Budget information

The original budget for FY 2023/2024 was approved by Board on 25/09/2023. 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 entity recorded no additional appropriations on the FY 2023/2024 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

Significant Accounting Policies continued

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

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 nil 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.

Significant Accounting Policies continued

e) Property, plant and equipment

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

f) Leases

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.

Significant Accounting Policies 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. 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.

Significant Accounting Policies 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 cash flows 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. **Significant Accounting Policies 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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

Significant Accounting Policies 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.

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.

Significant Accounting Policies continued

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.

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.

Significant Accounting Policies continued

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.

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.

Significant Accounting Policies continued

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 period end with a significant impact on the financial statements for the period ended 30th June 2024.

4) Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

No Provisions were raised

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 the Financial Statements

5) Transfers From the County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	000	000
Level 5 Grants	000	000
Unconditional development grants	000	000
Other Grants	000	000
	000	000
Conditional Grants		
User Fee Forgone	000	000
Transforming Health Services for Universal Care Project (THUCP)	000	000
DANIDA	000	000
Wards Development Grant	000	000
Paediatric Block Grant	000	000
Administration Block Grant	000	000
Laboratory Grant	000	000
Total Government Grants and Subsidies	000	000

b Transfers from The County Government

Name of the Entity providing the grant	Amount recognized to Statement of financial performance Kshs	Amount deferred over deferred income Kshs	Amount recognised in capital fund	Total grant income during the period	30 th June 2023
			Kshs	Kshs	Kshs
Kiambu County Government	00	000	000	000	000
Total	00	000	000	000	000

Notes to the Financial Statements (Continued)

6) In Kind Contributions from The County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	000	00
Pharmaceutical and Non-Pharmaceutical Supplies	000	2,134,511.00
Medical supplies-Drawings Rights (KEMSA)	000	000
Utility bills	000	000
Total grants in kind	000	2,134,511.00

7) Grants From Donors and Development Partners

Description	2023/2024	2022/2023
	Kshs	Kshs
Cancer Centre grant- DANIDA	000	000
World Bank grants	000	000
Paediatric ward grant- JICA	000	000
Research grants	000	000
Other grants (<i>specify</i>)	000	000
Total grants from development partners	000	000

7 (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 period	30 th June 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Donor e.g., DANIDA	000	000	000	000	000
JICA	000	000	000	000	000
World Bank	000	000	000	000	000
Total	000	000	000	000	000

Notes to the Financial Statements (Continued)

8) Transfers From Other Government Entities

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfer from National Government (Ministry of Health)	000	000
Transfer from 000 National Hospital	000	000
Transfer from 000 Institute	000	000
Total Transfers	000	000

9) Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs	Kshs
Public donations	000	000
Donations from local leadership	000	000
Donations from religious institutions	000	000
Donations from other international organisations and individuals	000	000
Other donations(<i>specify</i>)	000	000
Donations in kind-amortised	000	000
Total donations and sponsorships	000	000

9(b) Reconciliations of amortised grants

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance unspent at beginning of year	000	000
Current year receipts	000	000
Amortised and transferred to revenue	000	000
Conditions to be met – remain liabilities	000	000

Notes to the Financial Statements (Continued)

10) Rendering of Services-Medical Service Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Pharmaceuticals	25,048,799.47	15,601,942.11
Non-Pharmaceuticals	5,234,075.00	8,431,625.00
Laboratory	16,333,977.99	16,217,647.00
Radiology	3,191,392.00	6,181,500.00
Orthopedic and Trauma Technology	368,700.00	
Theatre	5,638,300.00	6,736,110.00
Accident and Emergency Service	2,681,830.00	1,726,250.00
Ear Nose and Throat service	776,000.00	788,100.00
Nutrition service	173,350.00	105,700.00
Dental services	320,600.00	575,400.00
Reproductive health	609,740.00	649,040.00
Paediatrics services	2,904,773.00	2,678,900.00
Farewell home services	1,983,200.00	2,449,050.00
Other medical services income	24,094,703.00	24,756,597.89
Total revenue from the rendering of services	94,357,140.46	86,897,862.00

11) Revenue From Rent of Facilities

Description	2023/2024	2022/2023
	Kshs	Kshs
Residential property	000	00
Commercial property	76,000	42,000
Total Revenue from rent of facilities	76,000	42,000

12) Finance /Interest Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Cash investments and fixed deposits	000	000
Interest income from short- term/ current deposits	000	000
Interest income from Treasury Bills	000	000
Interest income from Treasury Bonds	000	000
Interest from outstanding debtors	000	000
Total finance income	000	000

13) Other Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Insurance recoveries	65,971,400.00	38,822,575.00
Income from sale of tender	-	000
Services concession income	-	000
Sale of goods (water, publications, containers etc)		000
Total other income	65,971,400.00	38,822,575.00

Notes to the Financial Statements (Continued)

14) Medical/ Clinical Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Dental costs/ materials	25,500	1,000,000.00
Laboratory chemicals and reagents	6,902,121.00	7,445,115.00
Public health activities		
Food and Ration	9,454,195.00	6,090,361.00
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	7,751,883.00	25,607,157.00
Pharmaceutical supplies	7,518,302.00	7,127,416.00
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials		491,316.00
Purchase of Medical gases	571,928.00	500,000.00
X-Ray/Radiology supplies		1,471,800.00
Other medical related clinical costs (specify)	449,714.00	1,223,313.00
Total medical/ clinical costs	32,673,643.00	50,956,478.00

15) Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries, wages, and allowances	8,105,921.72	12,376,123.00
Contributions to pension schemes	000	000
Service gratuity	000	000
Performance and other bonuses	000	000
Staff medical expenses and Insurance cover	000	000
Group personal accident insurance and WIBA	000	000
Social contribution	000	000
Other employee costs (specify)	000	000
Employee costs	8,105,921.72	12,376,123.00

Notes to the Financial Statements (Continued)

16) Board of Management Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman's Honoraria	000	000
Sitting allowance	000	00
Mileage	000	000
Insurance expenses	000	000
Induction and training	000	000
Travel and accommodation allowance	000	000
Airtime allowances	000	000
Total	000	000

17) Depreciation And Amortization Expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	000	000
Intangible assets	000	000
Investment property carried at cost	000	000
Total depreciation and amortization	000	000

18) Repairs And Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Property- Buildings	000	650,000.00
Medical equipment	000	
Office equipment	000	
Furniture and fittings	000	
Computers and accessories	000	
Motor vehicle expenses	000	658,200
Maintenance of civil works	000	
Total repairs and maintenance	000	1,308,200.00

Notes to the Financial Statements (Continued)

19) Grants And Subsidies

Description	2023/2024	2022/2023
	Kshs	Kshs
Community development and social work	000	000
Education initiatives and programs	000	000
Free/ subsidised medical camp	000	000
Disability programs	000	000
Free cancer screening	000	000
Social Benefit Expenses	000	000
Other grants and subsidies(<i>specify</i>)	000	000
Total grants and subsidies	000	000

Notes to the Financial Statements (Continued)

20) General Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Advertising and publicity expenses	000	000
Catering expenses	000	000
Waste management expenses	000	000
Insecticides and rodenticides	000	000
Audit fees	000	000
Bank charges	000	000
Conferences and delegations	000	000
Consultancy fees	000	000
Contracted services	14,662,723.00	18,350,275.00
Electricity expenses	12,000,000.00	8,900,000.00
Insurance		
Research and development expenses		
Travel and accommodation allowance		
Legal expenses		
Licenses and permits		44,000.00
Courier and postal services	9,450.00	-
Other operating expenses	299,950.00	
Printing and stationery	1,086,850.00	6,900,819.00
Hire charges		000
Rent expenses		000
Water and sewerage costs	96,370.00	246,000.00
Skills development levies		000
Telephone and mobile phone services	287,352.00	538,000.00
Internet expenses		000
Staff training and development		000
Subscriptions to professional bodies		000
Subscriptions to newspapers periodical, magazines, and gazette notices		000
Library books/Materials		000
Parking charges		000
Total General Expenses	28,442,695.00	34,979,094.00

21) Finance Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Borrowings (amortized cost) *	000	000 --
Finance leases (amortized cost)	000	000
Interest on Bank overdrafts/Guarantees	000	000
Interest on loans from commercial banks	000	000
Total finance costs	000	000

22) Gain/Loss on Disposal Of Non-Current Assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant, and equipment	000	000
Intangible assets	000	000
Other assets not capitalised (<i>specify</i>)	000	000
Total gain on sale of assets	000	000

23) Unrealized Gain on Fair Value Investments

Description	2023/2024	2022/2023
	Kshs	Kshs
Investments at fair value	000	000
Total gain	000	000

Notes to the Financial Statements (Continued)

24) Medical Services Contracts Gains /Losses

Description	2023/2024	2022/2023
	Kshs	Kshs
Comprehensive care contracts with NHIF	000	000
Non- Comprehensive contracts care with NHIF	000	000
Linda Mama Program	000	000
Waivers and Exemptions	000	7,362,342.00
Total Gain/Loss	000	7,362,342.00

25) Impairment Loss

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant, and equipment	000	000
Intangible assets	000	000
Total impairment loss	000	000

26) Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current accounts	25,673,289.03	10,473,795.00
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	25,673,289.03	10,473,795.00

Notes to the Financial Statements (Continued)

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

Description		2023/2024	2022/2023
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1157013422	20,056,742.78	9,780,869.00
NHIF collection	1256633011	4,770,993.00	851.00
Family Bank	004000035634	418,294.25	418,294.25
Family Bank Revenue	001000053778	427,259.00	273,781.00
b)			
Sub- total		25,673,289.03	10,473,795.00
Equity Bank – etc		000	000
Sub- total		000	000
c) Fixed deposits account			
Bank Name		000	000
Sub- total		000	000
d) Others(specify)			
cash in hand		000	000
Mobile money- Mpesa, Airtel money		000	000
Sub- total		000	000
Grand Total		25,673,289.03	10,473,795.00

27) Receivables From Exchange Transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Medical services receivables	26,183,980.00	32,078,580.00
Rent receivables		6000.00
Other exchange debtors	267,000.00	1,697,500.00
Less: impairment allowance		
Total receivables	26,450,980.00	33,782,080.00

Notes to the Financial Statements (Continued)

28) Receivables From Non-Exchange Transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers from the County Government	00	35,464,709
Undisbursed donor funds	00	000
Other debtors (<i>non-exchange transactions</i>)	00	000
Less: impairment allowance	00	(000)
Total	00	35,464,709

29) Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Pharmaceutical supplies	27,320,763.00	38,117,529.00
Maintenance supplies		
Food supplies	110,500.00	120,000.00
Non-Pharms	16,850,320.00	35,675,653.00
Linen and clothing supplies		
Cleaning materials supplies		
General supplies	350,700.00	
Less: provision for impairment of stocks		
Total	44,632,283.00	73,913,182.00

27a. Analysis of Receivables from Exchange Transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	26,183,980	99%	33,078,580	98%
Between 1- 2 years	267,000	1%	400,000	0.11%
Between 2-3 years		0.0%	303,500	0.0089%
Over 3 years		%	000	%
Total (a+b)	26,450,980	100%	33,782,080	100%

28a. Analysis of Receivables From Non-Exchange Transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	000	%	000	%
Between 1- 2 years	000	%	000	%
Between 2-3 years	000	%	000	%
Over 3 years	000	%	35,464,709	100%
Total (a+b)	000	%	35,464,709	100%

Notes to the Financial Statements (Continued)

30) Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 01/07/2023)	000	000	000	000	000	28,821,552	000	28,821,552
Additions during the year	000	000	000	000	-	-	000	000
Disposals during the year	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Transfers/adjustments during the year	000	000	(000)	000			000	(000)
As at 30/6/2024	000	000	000	000	000	28,821,552	000	28,821,552
As at 01/07/2023	000	000	000	000	000	000	000	000
Additions during the period	000	000	000	000	000	000	000	000
Disposals during the period	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Transfer/adjustments during the period		000		000			(000)	-
As At 30/6/2024	000	000	000	000	000	28,821,552	000	28,821,552
Depreciation and impairment								
As At 01/07/2023	000	000	000	000	000	000		000
Depreciation for the year	000	000	000	000	000	000		000
Disposals	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Impairment	(000)	(000)	(000)	(000)	(000)	(000)		(000)

Gatundu Level 5 Hospital (Kiambu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30/06/2024	000	000	000	000	000	000		000
As at 01/07/2023	000	000	000	000	000	000		000
Depreciation for the period	000	000	000	000	000	000		000
Disposals for the period	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Impairment for the period	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Transfer/adjustment during the period		000	-	000	-	-	(000)	(000)
As at 30/6/2024	000	000	000	000	000	000	000	000
Net book values								
As at 30/6/2024	000	000	000	000	000	28,821,552	000	28,821,552
As at 30/6/2024	000	000	000	000	000	000	000	000

Notes to the Financial Statements (Continued)

31) Intangible Assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Cost		
At beginning of the year	000	000
Additions	000	000
Additions—Internal development	000	000
Disposal	(000)	(000)
At end of the period	000	000
Amortization and impairment		
At beginning of the year	000	000
Amortization for the period	000	000
Impairment loss	000	000
At end of the period	000	000
NBV	000	000

32) Investment Property

Description	2023/2024	2022/2023
	Kshs	Kshs
At beginning of the year	000	000
Additions	000	000
Fair value gain	000	000
Depreciation (<i>where investment property is at cost</i>)	(000)	(000)
At end of the period	000	000

33) Trade and other Payables

Description	2023/2024	2022/2023 FY
	KShs	KShs
Trade payables	76,363,504.02	79,675,820
Employee dues	1,660,914.62	3,061,454.90
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	000	000
Audit fee	000	000
Doctors' fee	000	000

Description	2023/2024		2022/2023	
	KShs		KShs	
Total trade and other payables	78,024,418.64		82,737,274.90	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	15,935,051.64	20%	82,737,274.90	100%
1-2 years	50,089,367.00	70%	000	%
2-3 years	12,000,000.00	10%	000	%
Over 3 years	000	%	000	%
Total	78,024,418.64	100%	82,737,274.90	100%

34} Refundable Deposits from Customers/Patients

Description	2023/2024	2022/2023
	Kshs	Kshs
Medical fees paid in advance	000	000
Credit facility deposit	000	000
Rent deposits	000	000
Others (<i>specify</i>)	000	000
Total deposits	000	000

35} Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	000	000	000	000
Additional Provisions for the period	000	000	000	000
Provision utilised during the period	(000)	(000)	(000)	(000)
Change due to discount & time value for money	(000)	(000)	(000)	(000)
Total provisions at the end of the period	000	000	000	000
Current Provisions	000	000	000	000
Non-Current Provisions	000	000	000	000
Total Provisions	000	000	000	000

Notes to the Financial Statements (Continued)

36} Finance Lease Obligation

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Lease obligation	000	000
Long term lease obligation	000	000
Total	000	000

37} Deferred Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Portion	000	000
Non-Current Portion	000	000
Total	000	000

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	000	000	000	000
Additions during the period	000	000	000	000
Transfers to Capital fund during the period	(000)	(000)	(000)	(000)
Transfers to statement of financial performance	(000)	(000)	(000)	(000)
Other transfers (Specify)	(000)	(000)	(000)	(000)
Balance C/F	000	000	000	000

38} Borrowings

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance at beginning of the year	000	000
External borrowings during the period	000	000
Domestic borrowings during the period	000	000
Repayments of external borrowings during the period	(000)	(000)
Repayments of domestic borrowings during the period	(000)	(000)
Balance at end of the period	000	000

Notes to the Financial Statements (Continued)

38 (a) Breakdown of Long- And Short-Term Borrowings

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Obligation	000	000
Non-Current Obligation	000	000
Total	000	000

39} Service Concession Arrangements

Description	2023/2024	2022/2023
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	000	000
Accumulated depreciation to date	(000)	000
Net carrying amount	<u>000</u>	<u>000</u>
Service concession liability at beginning of the year	000	000
Service concession revenue recognized during the period	(000)	(000)
Service concession liability at end of the period	<u>000</u>	<u>000</u>

40} Social Benefits Liabilities

Description	2023/2024	2022/2023
	Kshs	Kshs
Health social benefit scheme	000	000
Unemployment social benefit scheme	000	000
Orphaned and vulnerable benefit scheme	000	000
Elderly social benefit scheme	000	000
Bursary social benefits	000	000
Total	000	000
Current social benefits	000	000
Non- current social benefits	000	000
Total (tie to totals above)	000	000

Notes to the Financial Statements (Continued)

41} Cash Generated from Operations

Description	2023/2024	2022/2023
Surplus for the year before tax	Kshs	Kshs
Adjusted for:		
Depreciation	000	000
Non-cash grants received	(000)	(000)
Impairment	000	000
Gains and losses on disposal of assets	(000)	(000)
Contribution to provisions	000	000
Contribution to impairment allowance	000	000
Working Capital adjustments		
Increase in inventory	(000)	(000)
Increase in receivables	(000)	(000)
Increase in deferred income	000	000
Increase in payables	000	000
Increase in payments received in advance	000	000
Net cash flow from/used in operating activities	000	000

42. 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 30th June 2023 (previous year)				
Receivables from exchange transactions	000	000	000	000
Receivables from –non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	000	000	000	000
At 30th June 2024 (current year)				
Receivables from exchange transactions	26,183,980.00	000	000	000
Receivables from –non-exchange transactions		000	000	000
Bank balances	25,673,289.03	000	000	000
Total	51,857,269.03	000	000	000

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 has significant concentration of credit risk on amounts due from NHIF. 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 30th June 2024				
Trade payables	000	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	000	000
At 30th June 2024				
Trade payables	78,024,418.64	000	000	000
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	78,024,418.64	000	000	000

(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:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30th June 2024			
Financial assets (investments, cash, debtors)	00	000	000
Liabilities			
Trade and other payables	78,024,418.64	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

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 30th June 2024			
Financial assets (investments, cash, debtors)		000	000
Liabilities			
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

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
2023(previous year)			
Euro	10%	000	000
USD	10%	000	000
2024 (current year)			
Euro	10%	000	000
USD	10%	000	000

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 000 (2022: KShs 000). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 000 (2022 – KShs 000).

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	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve	000	000
Retained earnings	000	000
Capital reserve	000	000
Total funds	000	000
Total borrowings	000	000
Less: cash and bank balances	(000)	(000)
Net debt/ <i>(excess cash and cash equivalents)</i>	000	000
Gearing	00%	00%

43. Related Party Balances

Nature of related party relationships

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

Kiambu County Government is the principal shareholder of the Gatundu Level 5 Hospital, holding 100% of the Gatundu Level 5 Hospital equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

Description	2023/2024	2022/2023 FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to 000	000	000
Sales of services to 000	000	000
Total	000	000
b) Grants from the Government		
Grants from County Government	000	000
Grants from the National Government Entities	000	000
Donations in kind	000	000
Total	000	000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 000 employees	000	000
Payments for goods and services for 000	000	000
Total	000	000
d) Key management compensation		
Directors' emoluments	000	000

Description	2023/2024	2022/2023 FY
	Kshs	Kshs
Compensation to the medical Sup	000	000
Compensation to key management	000	000
Total	000	000

44. Contingent Liabilities

Contingent liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court case 000 against the company	000	000
Bank guarantees in favour of subsidiary	000	000
Total	000	000

45. Events after the Reporting Period

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

46. Ultimate and Holding Entity

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

47. Currency

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

20. Appendices

Appendix i: Statement of Financial Performance Per Quarter

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2023/2024	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions						
Transfers from the County Government			000	000	00	00
In-kind contributions from the County Government	000	000	000	000		2,134,511.00
Grants from donors and development partners	000	000	000	000	000	000
Transfers from other Government entities	000	000	000	000	000	000
Public contributions and donations	000	000	000	000	000	000
Total Revenue from non-exchange transactions	000	000	000	000	00	2,134,511.00
Revenue from exchange transactions						
Rendering of services- Medical Service Income	22,463,163.00	22,188,378.00	26,810,404.94	22,889,221.52	94,357,140.46	86,897,862.00
Revenue from rent of facilities	27,000.00	28,000.00	9000.00	12,000	76,000.00	42,000.00
Finance /Interest Income	000	0.00	000	000	0.00	000
Other income –N.H.I.F	28,944,952.00	11,833,002.00	10,411,174.50	14,782,271.5	65,971,400.00	38,822,575.00
Revenue from exchange transactions	51,435,115.00	34,049,380.00	37,230,579.44	37,689,466.02	160,404,540.46	125,762,437.00
Total revenue	51,435,115.00	34,049,380.00	37,230,579.44	37,689,466.02	160,404,540.46	127,896,948.00
Expenses						
Medical/Clinical costs		9,020,730.00	23,652,913.00		32,673,643.00	50,956,478.00
Employee costs		2,359,181.00	5,746,740.72	000	8,105,921.72	12,376,123.00

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Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2023/2024	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Board of Management Expenses	000	000	000	000	000	
Depreciation and amortization expense	000	000	000	000	000	
Repairs and maintenance	000	00	000	000	00	1,308,200.00
Grants and subsidies	000	0.00	000	000	0.00	000
General expenses	000	11,768,570.00	21,321,550.00	000	28,442,695.00	34,979,094.00
Finance costs	000	0.00	000	000	0.00	000
Total expenses	000	23,148,481.00	46,073,778.72	000	69,222,259.72	99,619,895.00
Other gains/(losses)	000					
Gain on disposal of non-Current assets	000	0.00	000	000	0.00	
Unrealized gain on fair value of investments	000	0.00	000	000	0.00	
Medical services contracts Gains/Losses	000	00	000	000	00	7,362,342.00
Impairment loss	000	000	000	(000)	000	
Gain on foreign exchange transactions	000	000	000	000	000	
Total other gains/(losses)	000	00	000	000	00	
Net Surplus for the year	51,435,115.00	10,900,899.00	-8,843,199.28	37,689,466.02	91,182,280.74	20,914,711.00
		000	000	000	000	



19. Report of the Auditor General

Auditors

The Auditor General is responsible for the statutory audit of the Gatundu level 5 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 201 of 2015

By Order of the Board

20. Appendixes

Appendix i: Projects Implemented by The Entity

Projects implemented by the Hospital Funded by development partners

Project title					Separate done reporting required (Yes/No)	Consolidated in these financial statements (Yes/No)
1.TOWER 1		KUTRRH	1 YEAR	100%		
2.TOWER 2		KUTRRH	1 YEAR	100%		
3.OXYGEN PLANT		AMREF	6 MONTHS	90%		
4. AUTOCLAVING INCENERATOR		MOH		100%		
5 MODERN KITCHEN		KUTRH	COMPLETE	100%		
6.MORGUE		KIAMBU COUNTY		70%		
7.WATER TOWER AND BOREHOLE		ATHI RIVER WATER	PENDING			
8.SOLAR WATER HEATER		KUTRRH	COMPLTE	100%		

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	ITOWER 1			100%			KUTRRH

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2.TOWER 2	PENDING			80%			KUTRRH
3.OXYGEN PLANT	COMPLETE			100%			AMREF/MOH
4. AUTOCLAVING INCENERATOR	PENDING			NOT DONE	23 MILLION		MOH
5 MODERN KITCHEN	COMPLETE			100%			KUTRRH
6.MORGUE	INCOMPLETE			70%			KIAMBU COUNTY
WATER TOWER AND BOREHOLE	INCOMPLETE			40%			ATHI WATER COMPANY
WATER HEATER SYSTEM	COMPLETE			100%			KUTPRH

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Appendix ii: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount in KES	Where Recorded/Recognized					Total Transfers during the Period
				Financial Performance	Fixed Asset	Revenue Account	Receivables	Others - must be specific	
Ministry of Education	000	Recurrent	000	000	000	000	000	000	000
Ministry of Education	000	Development	000	000	000	000	000	000	000
USAID	000	Donor Fund	000	000	000	000	000	000	000
Ministry of Education	000	Direct Payment	000	000	000	000	000	000	000
Total			000	000	000	000	000	000	000
			000	000	000	000	000	000	000