

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**NAROK COUNTY REFERRAL LEVEL 4
HOSPITAL**

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

**COUNTY GOVERNMENT OF
NAROK**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Msalim

Revised 30th June 2024



(Add your Hospital's Logo)



NAROK COUNTY REFERRAL HOSPITAL LEVEL 4/5 HOSPITAL
(COUNTY GOVERNMENT OF NAROK)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2024

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

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management Team	vii
5. Chairman’s Statement	x
6. Report of The Medical Superintendent	xi
7. Statement of Performance Against Predetermined Objectives	xiv
8. Corporate Governance Statement.....	xvi
9. Management Discussion and Analysis.....	xvii
10. Environmental And Sustainability Reporting.....	xxiv
11. Report of The Board of Management.....	xxvi
12. Statement of Board of Management’s Responsibilities.....	xxviii
13. Report of the Independent Auditor (specify entity name).....	xxix
14. Statement of Financial Performance for The Year Ended 30 June 2024.....	1
15. Statement of Financial Position As At 30 th June 2024	3
16. Statement of Changes in Net Asset for The Year Ended 30 June 2024	5
17. Statement of Cash Flows for The Year Ended 30 June 2024	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024	8
19. Notes to the Financial Statements	10
20. Appendices	63

1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

Narok County Referral Hospital is a level 4 hospital established under gazette notice no 4230 and is domiciled in Narok County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Our mandate is to eliminate communicable conditions, halt and reverse rising burden of NCDs, reduce the burden of violence and injuries, provide essential medical services, minimise exposure to health risk factors, strengthen collaboration with health-related sectors.

Our mission

To provide equitable, accessible, affordable, acceptable quality healthcare services to all Kenyans.

Our vision

A centre of excellence in provision of healthcare services in the South Rift region.

Core objectives

- i) Client-centred :** The client remains our focus on all decision making
- ii) Professionalism :** We uphold the highest standards and professional ethics as a basis of ensuring our clients get the best possible quality services.
- iii) Teamwork :** We endeavour to promote team spirit and at the same time seek to reward individual effort.
- iv) Integrity:** We uphold honesty and adhere to moral and ethical principles
- v) Environment Friendliness:** We endeavour to provide a safe and friendly physical and social hospital environment.
- vi) Equity, inclusivity, and Patriotism:** We strive to ensure our services are within reach of different socioeconomic segments of the population and seek to deliver equitable health benefits in line with our national philosophy.
- vii) Innovation:** In our quest for provision of quality health care, we endeavour to develop new ideas and technologies through promotion of creativity and learning.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management team
- Others (*specify*)

(D) Fiduciary Management

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

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

No.	Designation	Name
1	Chief officer clinical services	Ms. Jane Kiok
2	Chief officer preventive and promotive	Ms. Lucy Kashu
3	Director of health	Dr. Francis Kiio
4	County hospital administrator	Mr .Patrobers sankei
5	Medical Superintendent	Dr. Emejen John Losepicho -
6	Hospital administrator	Mr Simon Mashati
7	Head of finance	Cpa Kenana Sammy -
8	Head of supply chain	Mr Stephen Ketere -
9	Nursing officer	Ms Rhoda Orido
10	pharmacist	Dr Sein Koikai
11	Human resource	Ms Mary Siano
12	Radiologist	Mr Henry Twala
13	Commodity nurse	Ms Joyce Loigero
14	Laboratory manager	Ms Judy Morra
15	Social work	Ms Janet Jemutai
16	nutritionist	Mr Antony Torome
17	Clinical officer	Mr Philip Nkamasiai
18	Public health	Mr Ben Nkoitoi
19	Medical officer casualty	Dr Mohamed
20	Health records	Ms Alice Wambui
21	Orthopaedic trauma	Mr George Sika

(Include all positions regarded as top management in your hospital).

(b) Fiduciary Oversight Arrangements

[Here, provide a high-level description of the key fiduciary oversight arrangements covering (say)]

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

Key Entity Information and Management (continued)

(c) Entity Headquarters

P.O. Box 898, Narok
Headquarter Building
Mau Narok Road
NAROK, KENYA

(d) Entity Contacts

Telephone: 0713026033
E-mail: medsupnarok@yahoo.com
Website: www.go.ke

(e) Entity Bankers

Kenya Commercial Banks

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) County Attorney





ALLAN MEINGATI
P.O. Box. 11-20500
, Kenya

3. The Board of Management





Ref	Directors	Details
1.	Director 1 <i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i>	Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Director 2	
3.	Director 3	
4.	Director 4/Alternate	
5.	MED SUP	
6.	Entity Secretary	Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

NOTE: AS AT THE END OF THE FINANCIAL PERIOD THE HOSPITAL DID NOT HAVE A FUNCTIONING BOARD OF MANAGEMENT AFTER THE EXPIRY OF THE PREVIOUS B.O.G MEMBERS TERM .THE APPOINTMENT OF THE NEW BOARD OF DIRECTOR IS UNDER WAY .




4. Key Management Team

Ref	Management	Details
1.		<p>Hon. Anthony S. Namunkuk County Executive committee member Health And Sanitation NAROK COUNTY GOVERNMENT</p>
2.		<p>Ms. Jane Kiok Chief Officer – Clinical Services NAROK COUNTY</p>
3.		<p>Ms. Lucy Kashu Chief Officer-Preventive and Promotive Health Services NAROK COUNTY</p>
4.		<p>Dr. Francis Kiio County Director of Health NAROK COUNTY</p>

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

5.		<p>NAMES: DR. EMEJEN JOHN LOSEPICHO DESIGNATION : MEDICAL SUPERINTENDENT</p>
6.		<p>NAMES: SIMON MASHATI DESIGNATION: HOSPITAL ADMINISTRATOR</p>
7.		<p>NAMES : KENANA SAMMY MELITA.</p> <p>DESIGNATION: FINANCE OFFICER . ICPAK NO : 3183</p>
8.		<p>NAMES: SIMON MASHATI DESIGNATION: SUPPLY CHAIN OFFICER</p>

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

9.		<p>NAMES: DR SEIN KOIKAI DESIGNATION: PHARMACIST</p>
10.		<p>NAMES : RHODA ORIDO DESIGNATION: NURSING OFFICER I/C</p>
11.		<p>NAMES: MARY SIANO DESIGNATION : HUMAN RESOURCE OFFICER</p>

(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)

5. Chairman’s Statement

One – two pages

(Under this section, the Chairman of the Board of Management will give a brief highlight of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital). (The report should be signed by the chairman of the governing body.)

.....
Name
Chairman to the Board

6. Report of The Medical Superintendent

Patient Care & Services

- **Expansion of Specialized Services:** This year saw the addition of new specialties and the expansion of existing services. The hospital introduced specialised ENT services including ear, nose and throat surgeries. The hospital also introduced Oncological services that include cancer screening, palliative care, specimen(biopsy) collection and patient education.
- **Improved Emergency Care:** Significant upgrades were made in the Emergency Department (ED), including faster triage systems (automation of the triage area), an increase in the number of trauma-trained personnel. This helped in reducing patient waiting times and improving the overall experience for patients seeking emergency care.
- **Enhanced Maternity & Pediatrics Services:** The hospital introduced new maternity programs, including prenatal care packages. Pediatric care saw the introduction of specialized clinics for chronic conditions like asthma and diabetes.
- **Chronic Disease Management:** More structured programs were rolled out for the management of chronic conditions, such as diabetes and hypertension. These programs included multidisciplinary teams working with patients on personalized care plans, regular monitoring, and follow-ups.

Staff Development & Training

- **Ongoing Professional Development:** Hospital staff were encouraged to take part in regular training sessions, including workshops, online courses, and certification programs. These focused on new medical technologies, patient care practices, and leadership skills.
- **Patient Safety & Ethics Education:** The hospital emphasized ethical practices and patient safety through mandatory training sessions. These covered topics such as informed consent, handling patient data, and safe medication administration practices.
- **Leadership Development:** Leadership programs were rolled out to identify and nurture the next generation of healthcare leaders within the hospital. This included mentorship programs and advanced management training SMC and SLDP for senior medical staff.

Infrastructure & Facility Upgrades

- **Renovations & New Facilities:** Major renovations took place in several key departments, including maternity ward, and male medical and surgical wards. The hospital also ensured basic routine maintenance of the various infrastructure. These upgrades aimed to improve patient comfort, optimize workflow, and enhance safety.
- **Patient-Centered Design:** The hospital continued to focus on creating a patient-friendly environment, with comfortable waiting areas, and improved signage to help patients navigate the hospital more easily.

Community Engagement & Outreach

- **Health Camps & Awareness Programs:** The hospital in collaboration with beyond zero organized several free health check-up camps and educational programs in local communities. There are also a number of community health promoters attached to the facility. These initiatives aimed to raise awareness about chronic diseases such as diabetes, hypertension, and cancer prevention. Screenings for these conditions were offered to underserved populations, particularly in rural areas.
- **Public Health Initiatives:** The hospital launched campaigns to address public health issues, such as vaccination drives, mental health awareness programs, and campaigns against substance abuse. These initiatives helped bridge gaps in public health education and promoted healthy living.
- **Partnerships with NGOs:** The hospital partnered with the rotary club of Narok to provide a free surgical camp. The hospital is also in partnership with Fistula foundation to provide surgeries and care to mothers suffering fistula problems. free or subsidized care to vulnerable populations, including the elderly, children, and low-income families.
- **Health Education Programs:** Regular health talks were conducted to educate patients and the public about preventive healthcare, nutrition, mental health, and other relevant topics.

Safety & Quality Improvement

- **Infection Control Measures:** the hospital strengthened its infection control protocols. This included rigorous sanitization procedures, regular staff training on infection prevention.
- **Patient Safety Initiatives:** The hospital continued to refine its patient safety protocols, such as improving medication management, preventing hospital-acquired infections, and enhancing surgical safety practices. An increased focus was placed on reducing errors through the implementation of electronic health records.
- **Quality Assurance Programs:** The hospital set up new committees to regularly review and improve care standards, aiming for national and international accreditation in areas like quality of care, patient satisfaction, and safety. Regular audits and feedback loops helped ensure continuous improvement.

Financial Health

- **Cost Optimization Strategies:** A range of cost-saving measures was implemented to improve operational efficiency. These included streamlining administrative processes and negotiating better pricing with suppliers.
- **Access to Care Programs:** The hospital established a waiver committee that evaluates and waives vulnerable patients that are unable to pay hospital bills in order to enable them access essential treatments.

Challenges.

The hospital faced a number of challenges among them shortage in Human resource for health, limited infrastructure especially space in the wards and across all the departments, need for new machines and equipment for efficient service delivery and limited resources to enable the hospital achieved its objective of delivering timely quality care.

Conclusion:

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

The year saw significant strides in medical care, staff development, and community engagement, all of which contributed to a more robust healthcare environment. The hospital's ongoing efforts in improving patient care and ensuring a safe and efficient operational structure have set a strong foundation for continued growth and excellence in the years ahead.

NAROK COUNTY
REFERRAL HOSPITAL
30th JUNE 2024

.....
Name

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

HOSPITAL STRATEGY PILLARS, STRATEGIC OBJECTIVES, OUTCOMES AND KEY PERFORMANCE INDICATORS

1.0 Introduction

1.1 Vision Statement, Mission Statement, and Core Values

MISSION

To provide equitable, accessible, affordable, acceptable quality healthcare services to all Kenyans.

VISION

A centre of excellence in provision of healthcare services in the South Rift region.

CORE VALUES

- i) **Client-centred** : The client remains our focus on all decision making
- ii) **Professionalism** : We uphold the highest standards and professional ethics as a basis of ensuring our clients get the best possible quality services.
- iii) **Teamwork** : We endeavour to promote team spirit and at the same time seek to reward individual effort.
- iv) **Integrity**: We uphold honesty and adhere to moral and ethical principles
- v) **Environment Friendliness**: We endeavour to provide a safe and friendly physical and social hospital environment.
- vi) **Equity, inclusivity, and Patriotism**: We strive to ensure our services are within reach of different socioeconomic segments of the population and seek to deliver equitable health benefits in line with our national philosophy.
- vii) **Innovation**: In our quest for provision of quality health care, we endeavour to develop new ideas and technologies through promotion of creativity and learning.

The Narok County Referral Hospital strategic plan main objective is to ensure universal access to quality health services consisting of Promotive , preventive ,curative, and rehabilitative services to all people in the county. Guided by the core vision and mission of the hospital, the leadership working together with partners has identified strategic interventions to help the hospital realize attainment of its vision. The strategic component is further detailed within the three core programme areas identified and explained

1.3. Key Result Areas/Strategic Focus Areas

Narok County Referral Hospital has adopted a programme-based approach with clearly defined strategies, interventions with clearly defined objectives, outcomes, and key performance indicators. The strategic pillars seek to deliver critical outcomes under each programme area. Table 17 below shows the key programmatic areas and critical service delivery support systems to be invested on to realize the overall goal

Health Service Strategic Focus Areas Outcomes and Objective .

Health Services Strategic Focus Area	Focus Area Outcome and Objective	Service Delivery Support Systems
Program 1 : Promotive and Preventive Health Services	<p>Program Outcome: Reduced incidences of preventable diseases and mortality in the county.</p> <p>Program Objective : To Reduce Incidences of Preventable Diseases and Mortality in the County</p>	<p>1. Health Governance, Leadership & Management</p> <p>2. Health</p> <p>3. Human Resources for Health</p>
Program 2 : Curative and Rehabilitative Health Services	<p>Program Outcome: Reduced suffering and mortality and improved quality of life of individuals, households and communities.</p> <p>Program Objective: To Reduce Incidences of Mortality and Improve Quality of Life of Individuals, Households and Community.</p>	<p>4. Health Products and Technologies</p> <p>5. Health Information Systems,</p> <p>6. Health Financing</p>
Program 3 : General Administration, Planning, Management Support and Coordination, Research and Development	<p>Program Outcome: Improved support for service delivery units.</p> <p>Program Objective: To Improve Service Delivery by Providing Supportive Functions to Implementing Units Under the Health Services Department</p>	<p>7. Monitoring and Evaluation, Research and Development</p>

8. Corporate Governance Statement

Two-to-three pages

(Under this section, include the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a Board charter, process of appointment and removal of Board members, roles and functions of the Board, induction, and training, Board and member performance, conflict of interest, board remuneration, ethics, and conduct as well as governance audit.)

9. Management Discussion and Analysis

Clinical/Operational Performance

The operational performance of the hospital during the reporting period was marked by several key achievements in patient care, service delivery, staff efficiency, and infrastructure improvements. The hospital worked tirelessly to enhance its services while maintaining high standards of care, safety, and operational efficiency. Below is a detailed analysis of the key operational areas:

Patient Care & Service Delivery

- **Patient Volume:** There was a notable increase in patient volume across both inpatient and outpatient departments. Total admissions rose by **12%**, and outpatient visits grew by **8%** compared to the previous year. This increase was attributed to the expansion of services in specialty areas such as cardiology, oncology, and pediatrics, as well as the implementation of telemedicine platforms which expanded access to care.
- **Emergency Department (ED) Performance:** Wait times in the Emergency Department improved significantly due to the introduction of enhanced triage protocols and better resource management. Average ED wait time decreased by **17%**, from 30 minutes to approximately 25 minutes.
- **Clinical Outcomes & Patient Satisfaction:** Clinical outcomes remained strong, with a **92% discharge rate** for patients with no major complications in major departments such as orthopedics, and maternity. Patient satisfaction scores also improved, with the hospital achieving an overall satisfaction rating of **4 out of 5** in patient feedback surveys. This was attributed to both enhanced care quality and patient-centered service delivery.
- **Infection Control:** The hospital implemented rigorous infection control measures, which led to a decrease in hospital-acquired infections (HAIs). Enhanced cleaning protocols, better PPE usage, and improved hand hygiene practices contributed to this positive outcome.

Staff Development & Training

- **Training Programs:** The hospital rolled out a weekly continuous medical education (CME) for medical, nursing, and administrative staff, focusing on topics such as patient safety, clinical skills, leadership development, and new medical technologies.

Infrastructure & Technological Advancements

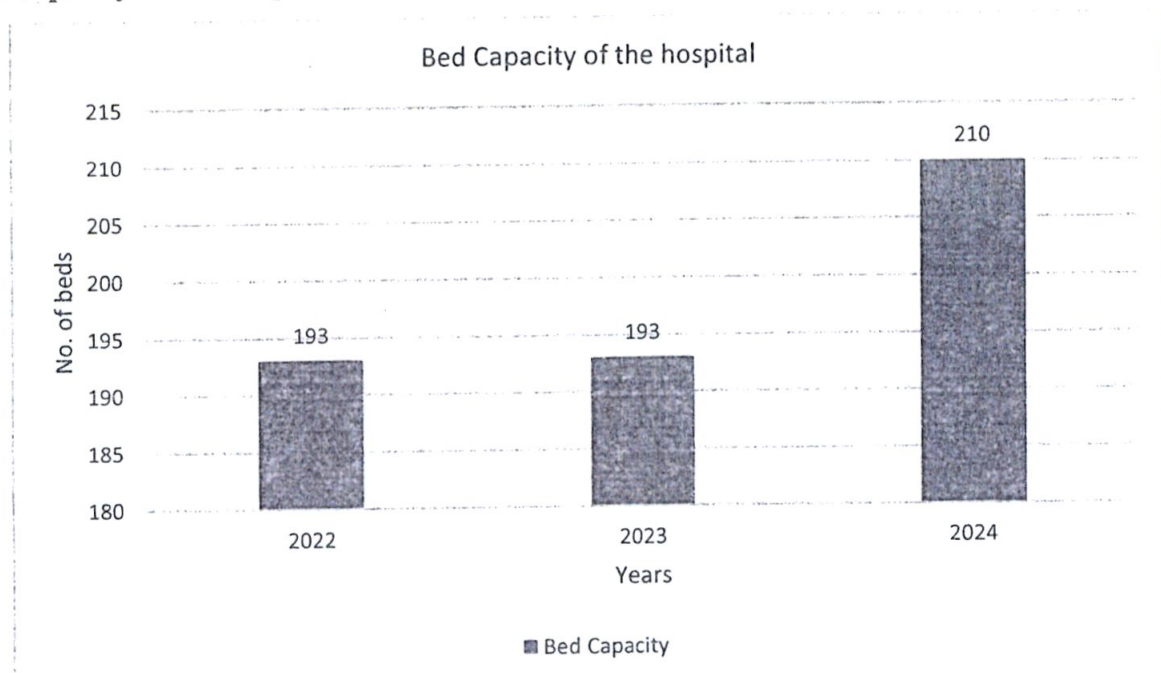
- **Upgrades to Facilities:** Several infrastructure projects were completed during the year, including the renovation of maternity ward, and male medical and surgical wards.

Technology Integration: The hospital successfully integrated **AI-powered diagnostic tools** in radiology, resulting in faster and more accurate readings for imaging studies .

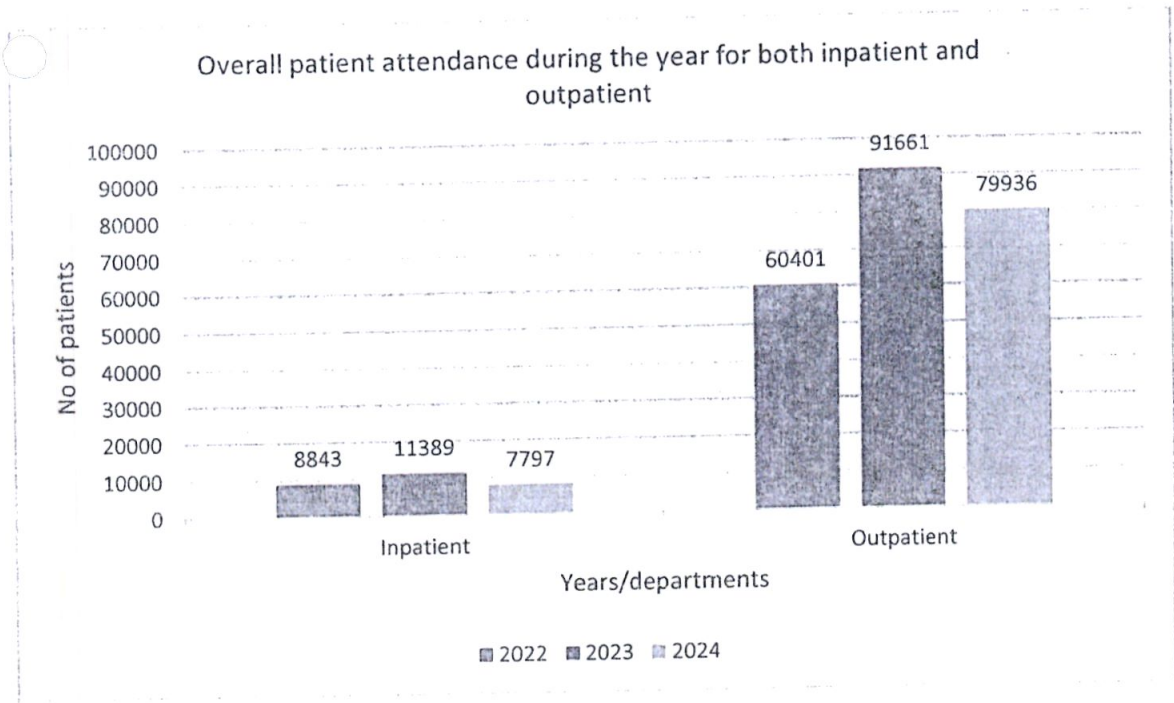
- Additionally, **electronic health records (EHRs)** were fully implemented in all departments, streamlining patient data management and improving clinical decision-making.

Clinical/operational performance

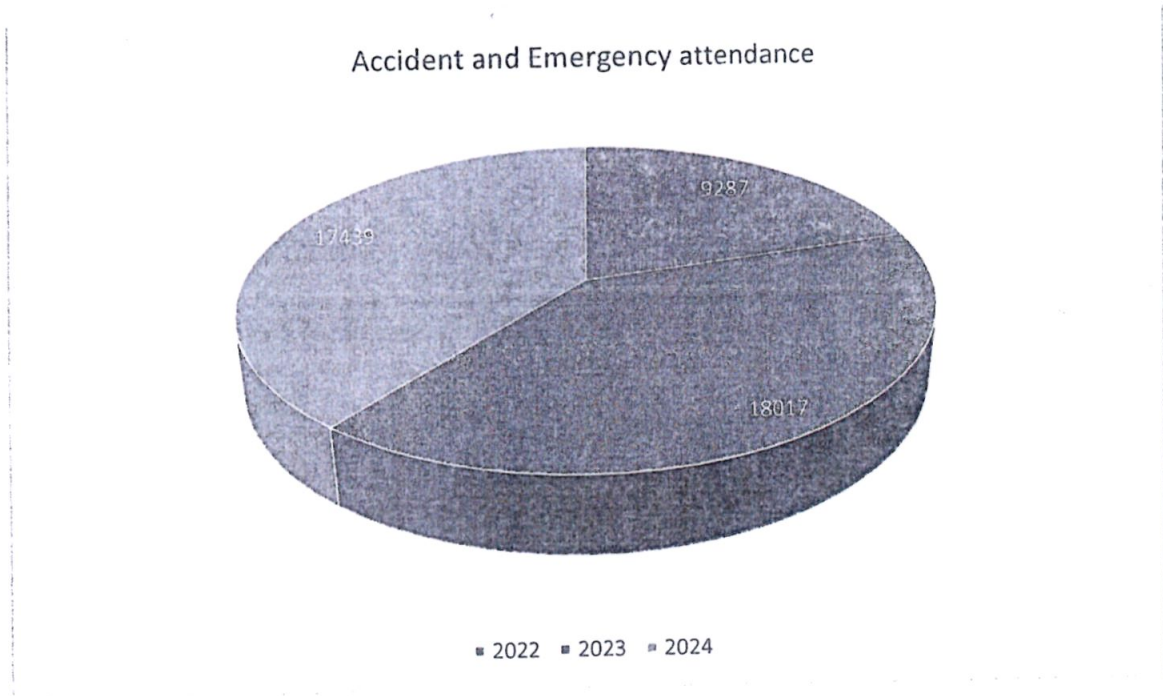
1. Bed capacity of the hospital



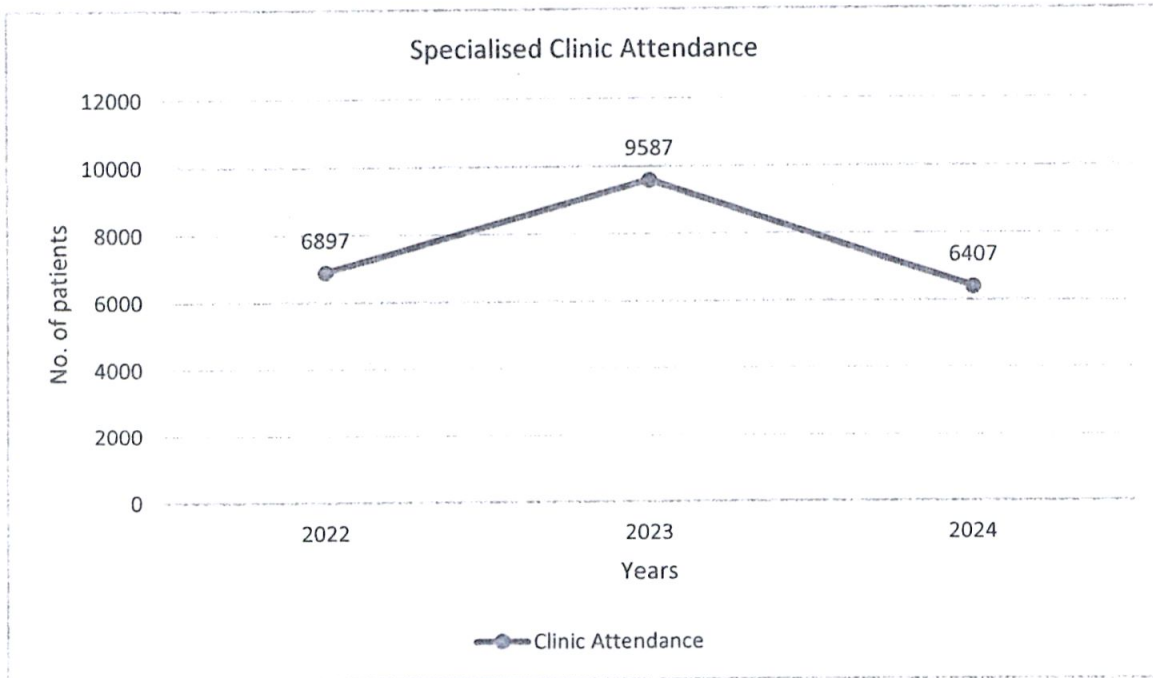
2. Overall patient attendance during the year for both inpatient and outpatient



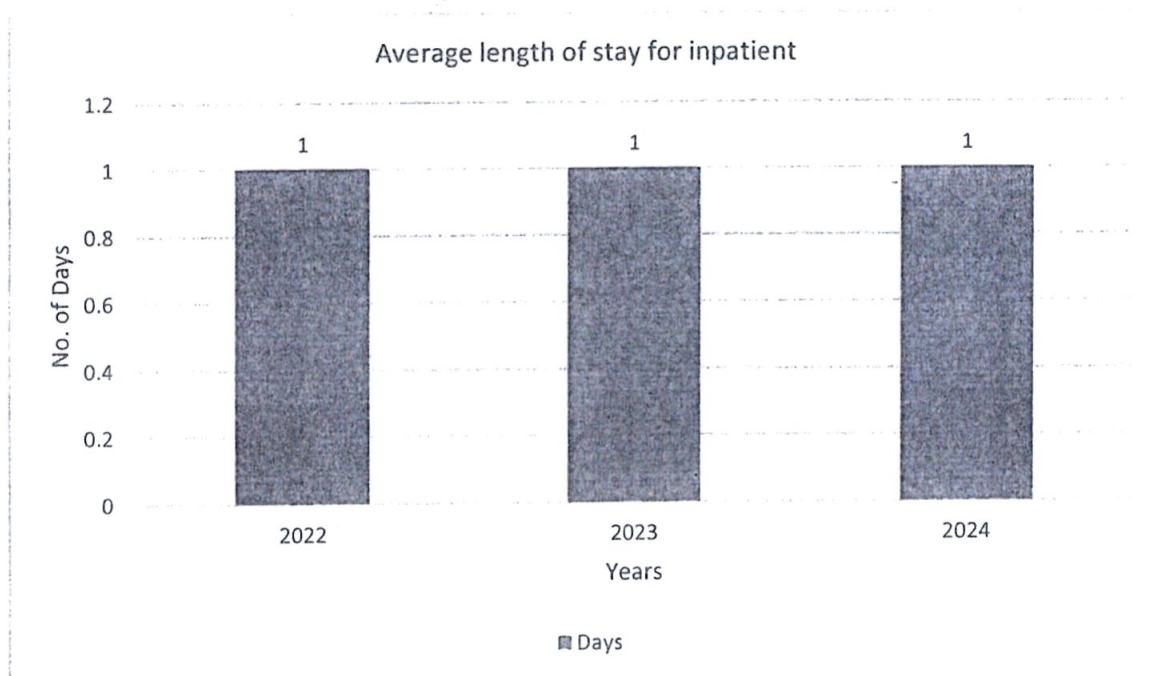
3. Accident and Emergency attendance



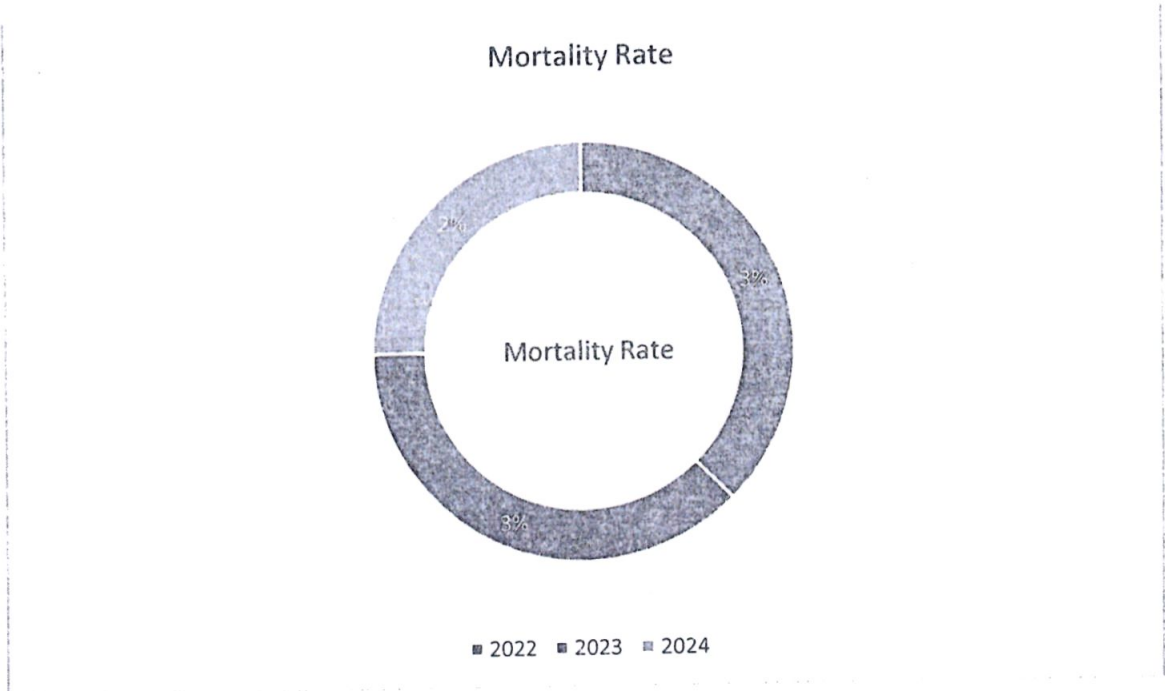
4. Specialised clinic attendance



5. Average length of stay for inpatient

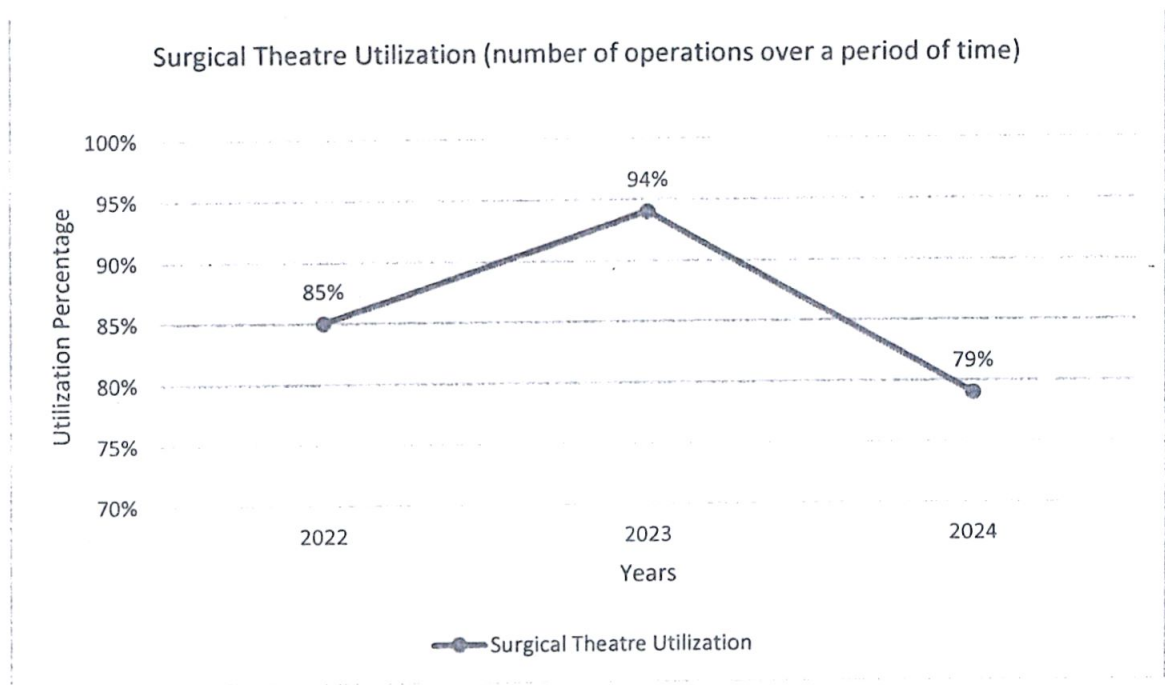


○ Bed occupancy rate

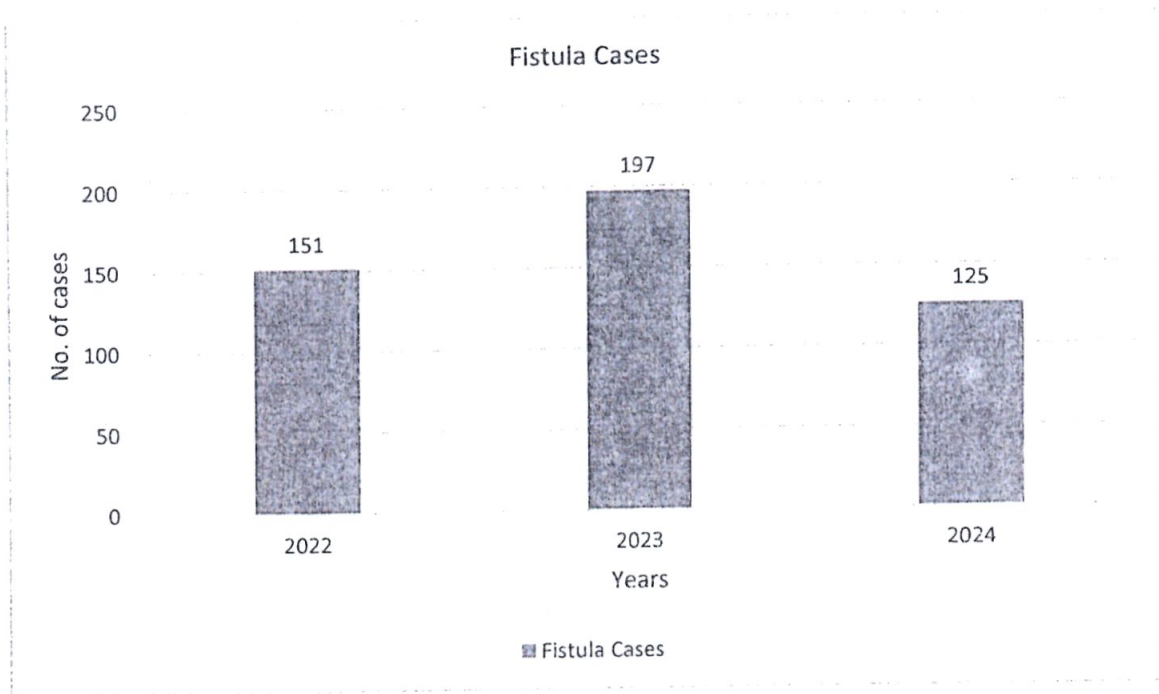




7. Mortality rate

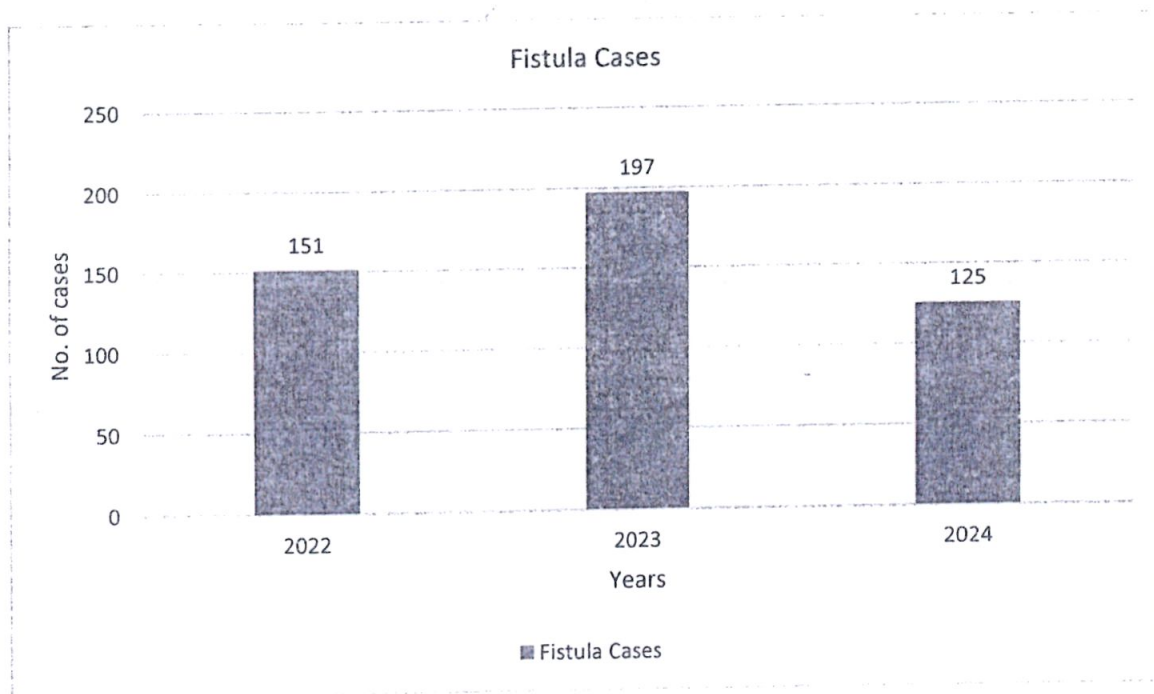


8. Surgical theatre utilisation (number of operations over a period of time)



9. Sponsorships and partnerships

Fistula cases



10. Environmental And Sustainability Reporting

1.0 Operating Environment

SWOT Analysis

The Policy Setting

The government policy for the health sector is articulated in the Kenya Health Policy Framework 2014 – 2030 that has a goal, “attaining the highest possible health standards in a manner responsive to the population needs”. It hopes to accomplish this through supporting provision of equitable, affordable, and quality health and related services at the highest attainable standards to all Kenyans. The key issues influencing service delivery were analysed based on policy objectives and the positioning of the hospital under Kenya Essential Package for Health (KEPH)

Framework as a tier three facility. The Hospital intends to align its strategic objectives to the health policy objectives and orientations and must be explicit in its contribution to these objectives. It must also provide lower-level services to community units attached to it.

1.1 The Policy Setting

1. Eliminate communicable diseases
2. Halt and reverse rising burden of NCDs
3. Reduce the burden of violence and injuries
4. Provide essential healthcare
5. Minimize exposure to health risk factors
6. Strengthen collaboration with private and health-related sectors

This strategic plan has been aligned with KEPH framework and will be operationalized through the KEPH, which integrates all health programmes into a single package focused on improving health at different stages of the human life cycle. KEPH also adopts a broad approach, shifting emphasis from disease burden to promotion of healthy lifestyles. The plan further postulates, “Improving people’s health is the whole point of improving the Performance of the health sector”. The plan is designed to contribute to the accomplishment of the goals of the Universal Health Care.

SWOT Analysis

This an analysis of the current internal and external factors that are likely to influence operations of the NCRH (SWOT analysis). This has provided the basis for analysing and determining key issues, strategies and prioritized interventions that would be employed to operationalize and achieve outputs. The hospital identified factors that would influences its operations and performance. This is represented as a SWOT analysis in the table below: -

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> Implementation of the 2017 HSIF ACT ~ Competent and committed management team and staff ~ Political good will ~ Devolution of the health sector ~ Economies of scale – Bulk purchase ~ Active hospital committees ~ Collaboration and liaison with Partners ~ Specialized services ~ Capacity building – availability of opportunity for trainings. ~ Existence of quality assurance protocols ~ Availability of space for expansion ~ Existing collaboration with training and teaching institutions ~ Resource mobilization ~ Hospital initiatives and project ~ Introduction of new services ~ Technology and ICT development ~ Marketing and good publicity ~ Increased demand for specialized services ~ Competition from private health facilities and other secondary public facilities ~ Direct procurement ~ CSR from likeminded organizations ~ Upgrade to a level V teaching and Referral Hospital 	<ul style="list-style-type: none"> ~ Lack of the hospital master plan ~ Inadequate infrastructure ~ Delayed NHIF reimbursement ~ Lack of internal health information, management and communication system ~ Corruption/loss of revenue ~ Shortage of staff ~ Weak policy implementation ~ Lack of staff housing ~ Lack of proper protocols ~ Weak staff welfare ~ Weak procurement plan ~ Lack of a hospital website ~ Inefficient queue management system ~ High waiver rate ~ Occasional Pharmaceuticals stock outs ~ Inefficient succession planning ~ Lack of existing hospital strategic plan ~ Staff abscondment and absenteeism ~ Inadequate asset planning ~ Lack of a hospital title deed ~ Emergence of pandemics ~ Uncertain political environment ~ Negative cultural practices and beliefs ~ Nepotism and favouritism ~ Negative media – bloggers ~ Global ination aecting supply chain on pharmaceutical products ~ Frequent industrial strikes

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are (continue to be)

Results

The results of the entity for the year ended June 30 20XX are set out on pages to

Board of Management

The members of the Board who served during the year are shown on page xxx. During the year, xxx director(s) retired/ resigned, and xxx director (s) was appointed with effect from xxxx date.

Auditors

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

OR

XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, xxx in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

Name

Secretary to the Board

(To be signed by the Secretary of the Board)

12. Statement of Board of Management’s Responsibilities

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

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

The Board of Management accepts responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 20xx, and of the *entity’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

Approval of the financial statements

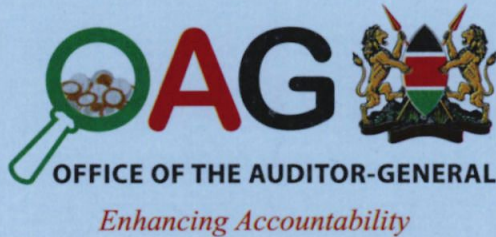
The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Name:
Chairperson
Board of Management

.....
Name:
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 NAROK COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF NAROK

PREAMBLE

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

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

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 of the Auditor-General on Narok Referral Level 4/5 Hospital for the year ended 30 June, 2024 – County Government of Narok

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Narok County Referral Level 4 Hospital – County Government of Narok set out on pages 1 to 63 which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Narok County Referral Level 4 Hospital – County Government of Narok 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 Public Finance Management Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Unsupported In-Kind Contributions from the County Government

The statement of financial performance reflects an amount of Kshs.1,808,161,307 in respect of in-kind contributions from the County Government of Narok as disclosed in Note 7 to the financial statements. The amount includes salaries and wages and other procurements paid or undertaken by the County Government on behalf of the Hospital. However, the supporting schedules, ledgers, invoices and delivery notes were not provided for the audit verification.

In the circumstances, the accuracy and completeness of the in-kind contributions from the County Government amount of Kshs.1,808,161,307 could not be confirmed.

2. Unexplained Variance on Transfers from Other Government Entities

The statement of financial performance reflects transfers from other Government entities (Department of Public Health - Narok County) amount of Kshs.802,300 as disclosed in Note 8 to the financial statements. However, the receipts reflected in the Hospital's

cashbook amounted to Kshs.2,184,570 resulting to unexplained variance of Kshs.1,382,270.

In the circumstances, the accuracy and completeness of the transfers from other Government entities amount of Kshs.802,300 could not be confirmed.

3. Irregular Payment of Board of Management Allowances

The statement of financial performance reflects Board of Management expenses amounting to Kshs.994,000 as disclosed in note 16 to the financial statements. Review of payment records provided by the Hospital revealed that the amount was incurred on the Hospital Management team in the form of sitting and airtime allowances. However, the payments were made contrary to the Salaries and Remuneration Commission (SRC) circular Ref. No. SRC/ADM/11(156) of August 7, 2023 in which it was determined that payment of sitting allowances to a management team in addition to the basic salary amounts to double compensation. Further, during the year under review the Hospital did not have a Board of Management in place.

In the circumstances, the regularity of the Board of Management expenses amounting to Kshs.994,000 could not be confirmed.

4. Unsupported Repairs and Maintenance Expenses

The statement of financial performance reflects an amount of Kshs.5,983,980 in respect to repairs and maintenance as disclosed in Note 19 to the financial statements. The balance relates to maintenance of the building and repair of motor vehicle amounts of Kshs.5,603,980 and Kshs.380,000 respectively. However, the payment was not supported by approved bills of quantities, contract award documents, inspection and acceptance minutes, pre- and post-inspection reports and completion certificates.

In the circumstances, the accuracy, completeness and propriety of the repairs and maintenance amount of Kshs.5,983,980 could not be confirmed.

5. Unsupported Accounts Receivables Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.17,899,000 which as disclosed in Note 28 to the financial statements related to medical services receivables/National Health Insurance Fund (NHIF). However, no record of claims was provided indicating the period the receivables have been outstanding. Further, there was no NHIF system generated report to confirm the claims as at 30 June, 2024 owing to limited system rights for the facility users.

In the circumstances, the accuracy, completeness and validity of the receivables from exchange transactions balance of Kshs.17,899,000 could not be confirmed.

8. Unsupported Refundable Deposits

The statement of financial position reflects refundable deposits balance of Kshs.1,781,935 which relates to deposits from customers (patients) fees. However, the balance was not supported by way of relevant documentation.

In the circumstances, the accuracy and completeness of the refundable deposits balance of Kshs.1,781,935 could not be confirmed.

9. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,850,497 as disclosed in Note 27 to the financial statements. However, the Board of Survey report as at 30 June 2024 and the certificates of bank balances for the bank accounts operated by the Hospital were not provided for audit verification.

In the circumstances, the cash and cash equivalents balance of Kshs.8,850,497 could not be confirmed.

9. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.1,838,095 as disclosed in Note 31 to the financial statements. However, Management did not provide a valuation report for the assets and the supporting ledgers or schedules for the respective classes of assets of the Hospital. Further, physical verification of the Hospital's assets revealed that Hospital owns land and buildings on which it is built and from which it operates. In addition, Management did not maintain a fixed asset register detailing dates of acquisition, cost, supplier, location, depreciation, unique identification number, disposal and other details of the Hospital's assets. It was observed that the Hospital's assets were not tagged and therefore it was not possible to ascertain the assets that belongs to the Hospital.

Management did not provide the ownership documents for the assets, including the land, buildings, motor vehicles, plant and medical equipment and other assets, owned and operated by the Hospital.

Further, Management did not provide for the depreciation of the assets as required and therefore the property, plant and equipment balance is overstated.

In the circumstances, the accuracy, completeness, ownership and valuation of property plant and equipment balance of Kshs.1,838,095 could not be confirmed.

10. Failure to Disclose Amortization for the Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.9,740,000 as disclosed in Note 32 to the financial statements. Review of records and documents submitted for audit revealed that the Hospital acquired a software in the year 2022 at a contract cost of Kshs.9,740,000 from a local software developer. However, the Management did not amortize the intangible asset in the year under review. In addition, no amortization schedule for the software was provided outlining the impairment losses or gains during the period under review.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.9,740,000 could not be confirmed.

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

Emphasis of Matters

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparison basis amounts of Kshs.124,961,800 and Kshs.121,258,663 resulting in under funding of Kshs.3,703,137 or 3% of the budget. Further, the statement reflects a final expenditure budget of Kshs.111,273,760 against actual expenditure of Kshs.101,828,455 resulting to under expenditure of Kshs.9,445,305 or 9% of the budget.

However, the approved budget did not have a breakdown of specific classified revenue sources as required. This was contrary to Paragraph 41 of IPSAS 24 on the presentation of the budget information in the Financial Statements which stipulates that formats and classification schemes adopted for the presentation of the approved budget may also differ from the formats adopted for the financial statements. An approved budget may classify items on the same basis as is adopted in the financial statements, for example, by economic nature (compensation of employees, use of goods or services, etc.), or function (health, education, etc.). Alternatively, the budget may classify items by specific programs.

In the circumstances, the budget formulation was not within the specified requirements.

My opinion is however not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. 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 Information

Management is responsible for the other information set out on page iii to xxviii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, 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 Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 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. Errors in Presentation of the Financial Statements

Review of the Hospital's annual report and the financial statements revealed the following errors in the presentation;

- (i). The template used by Management in the preparation of the financial statements is the one recommended for quarterly reports for level 4 and 5 hospitals.
- (ii). The financial statements did not include the Chairman's statement and the corporate governance statement.
- (iii). The report of the Board of Management has not been signed by the secretary to the Board. Further, the statement of Board of Management's responsibilities has not been signed by the Chairperson of the Board of Management and the Accounting Officer.
- (iv). The financial statements have not been signed by the Chairperson of the Board of Management. Management explained that the Hospital did not have a Board of Management in the year under review.

In the circumstances, the annual report and the financial statements of the Hospital did not comply with the recommended reporting template.

2. Failure to Operationalize County Healthcare Services Improvement Fund

The County Assembly of Narok passed the County Healthcare Services Improvement Fund Act, 2017 on 24 June, 2017 and an amended County Healthcare Services Improvement Fund Act, 2020 to facilitate the establishment and administration of a Fund to manage Level 4 health facilities through the appointment of a Health Services Board. The functions of the Fund and Board would include guiding the collection and banking of hospital fees and management of waivers and exemptions in the Level 4 health facilities. The County Executive appointed a Board to manage these facilities on May 10, 2023. As at the time of audit in the month of November, 2024, the minutes of board meetings and appointment letters were not provided for to confirm that the Board had held meetings as required by the law.

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

3. Non-Compliance with the Law on Ethnic Composition

Review of the Hospital's payroll records provided by Management revealed that out of the forty-two (42) casual staff that were employed by the Hospital in the year under review, a significant number of thirty-six (36) or 85% of the staff were from one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

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

4. Deficiencies in Implementation of Universal Health Care (UHC)

Review of Hospital records and an audit inspection carried out as well as interviews conducted revealed that there were six (6) medical officers against the required fifty (50). The Hospital lacks key healthcare workers including anesthesiologists, gynecologists and pediatricians against the standard operational requirement of a level 5 hospital. In addition, the Hospital had a bed capacity of one hundred and ninety-five (195) against the required five hundred (500). The Hospital does not have operational High Dependency Unit (HDU) against the required twelve (12) and has only one (1) operation theatre against the required seven (7). Further, the Hospital did not have functional chemotherapy department and did not have the standard required number of the delivery coaches and baby cots in the delivery rooms and maternity rooms.

The hospital did not have an operational ambulance and it does not have a functional Hospital Board which is a requirement for a level 5 hospital. The land on which the hospital is situated has not been surveyed and valued and the title deed is not registered in the Hospital's name as required of a level 5 hospital.

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of a Functional Hospital Board of Management

Review of the records provided revealed that Hospital did not have a functional Board of Management as required. Therefore, the Hospital operated for without a Board of Management for the year under review. No explanation was provided for the anomaly.

In the circumstances, the Hospital may not have benefited from oversight and effective decision making from the Board of Management.

2. Failure to Dispose Unserviceable Assets

Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.1,838,095 which includes damaged assets, obsolete medical machines and equipment which are of no economic value to the Hospital for being unserviceable or not in use. Further, the Hospital had several baby cots in store which had been donated to it but have never been used for prolonged period of time.

In the circumstances, the effectiveness of the internal controls in relation to asset management could not be confirmed.

3. Lack of Approved Data Backup and Recovery Plans

Review of the Hospital's processes and systems revealed that the current system in place is not backed up to secure the revenue data. In addition, the facility does not have an approved data backup and recovery procedures.

In the circumstances, the existence of an effective risk management and an approved data backup and recovery procedures could not be confirmed.

4. Lack of an Approved Strategic Plan

The Hospital functioned without a strategic plan and therefore not possible to confirm whether the facility's budget was aligned to the strategic objectives of the hospital. This is contrary to section 149(2) (g) of the Public Finance Management Act, 2012 which provides that an Accounting Officer shall, in respect of the entity concerned prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

In the circumstances, the overall objectives of the Hospital may not be met which will affect service delivery to the public.

5. Lack of a Fraud Management Policy

The Hospital does not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Additionally, it was noted that the Narok Referral Hospital lacks disaster recovery plan or business continuity plan that should outline how the facility would function in an unplanned disruption of service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure.

In the circumstances, the effectiveness of internal controls and risk management in relation to fraud detection and prevention could not be confirmed.

5. Long Outstanding Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.6,418,208. Review of the schedule provided for audit revealed that payables totalling Kshs.4,070,005 or 63% have been outstanding for more than one (1) year.

In the circumstances, the Hospital may incur additional and unnecessary costs of interest and penalties on the long outstanding payments.

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

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or 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 Hospital's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Period Ended June	Period Ended
		30 th 2024	June 30 th 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	00	00
In-kind contributions from the County Government	7	1,808,161,307	00
Grants from donors and development partners / fistula foundation	8	4,159,500	00
Transfers from other Government entities (public health)	9	802,300	00
Public contributions and donations	10	00	00
		1,813,123,107	00
Revenue from exchange transactions			00
Rendering of services- Medical Service Income	11	115,941,836	00
Revenue from rent of facilities	12	00	00
Finance /Interest Income	13	00	00
Miscellaneous Income	14	355,027.10	00
Revenue from exchange transactions		116,296,863.10	00
Total revenue		1,929,419,970.10	00
Expenses			
In kind contribution		1,808,161,307	
Medical/Clinical costs	15	34,986,018	00
Employee costs	16	9,279,760	00
Board of Management Expenses/hmt	17	994,000	00
Depreciation and amortization expense	18	00	00
Repairs and maintenance	19	5,983,980	00
Grants and subsidies	20	00	00
General expenses	21	47,143,599	00
Finance costs (bank charges)	22	125,280	00
Total expenses		1,906,673,944	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	Period Ended June 30 th 2024	Period Ended June 30 th 2023
		Kshs	Kshs
Other gains/(losses)			00
Gain/Loss on disposal of non-Current assets	23	00	00
Unrealized gain on fair value of investments	24	00	00
Medical services contracts Gains/Losses/ waiver and exemptions	25	(3,315,818)	00
Impairment loss	26	00	00
Gain on foreign exchange transactions		00	00
Total other gains/(losses)		(3,315,818)	00
Net Surplus / (Deficit) for the year		19,430,208.10	00

(The notes set out on pages 28 to 34 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 30/12/24 and signed on its behalf by:

.....
Chairman
Board of Management

ILENARA SAMMT
Head of Finance
ICPAK No: 31833

DR. JOHN EMEJEN
Medical Superintendent

Comparative FY refers to the financial year preceding the current year.

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Period ended	Period ended 30 th
		30 th June 2024	June 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	8,850,497.45	00
Receivables from exchange transactions	28	17,899,000	00
Receivables from non-exchange transactions	29	00	00
Inventories	30	33,496,630	00
Total Current Assets		60,246,127.45	00
			00
Non-current assets			00
Property, plant, and equipment	31	1,608,145	00
Cctv	31	229,950	00
Intangible assets Q afya Software	32	9,740,000	00
Investment property	33	00	00
Total Non-current Assets		11,578,095	00
			00
Total assets (A)		71,824,222.45	00
			00
Liabilities			00
Current liabilities			00
Trade and other payables	34	6,418,208	00
Refundable deposits from customers/Patients	35	1,781,935	00
Provisions	36	00	00
Finance lease obligation	37	00	00
Current portion of deferred income	38	00	00
Current portion of borrowings	39	00	00
Social Benefits	41	00	00
Total Current Liabilities		8,200,143	00
			00
Non-current liabilities			00
Provisions	36	00	00
Non-Current Finance lease obligation	37	00	00
Non-Current portion of deferred income	38	00	00
Non - Current portion of borrowings	39	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	Period ended	Period ended 30 th
		30 th June 2024	June 2023
		Kshs	Kshs
Service concession Arrangements	40	00	00
Social Benefits	41	00	00
Total non-current liabilities		00	00
			00
Total Liabilities (B)		8,200,143	00
			00
Net assets (A-B)		63,624,079.45	00
			00
Represented by:			00
Revaluation reserve		00	00
Accumulated surplus/Deficit		19,430,208.10	00
Capital Fund		00	00
			00
Net Assets		83,054,287.55	00

(The notes set out on pages 39 to 46 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 30/12/24 and signed on its behalf by:

.....
Chairman
Board of Management

KENYATA SAMMY
Head of Finance
ICPAK No: 31823

DR. JONAS EMEJED
Medical Superintendent

Comparative FY refers to the financial year preceding the current year.

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022(previous year)	00	00	00	00
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	00	-	00
Capital/Development grants	-	-	00	00
As at June 30, 2023(previous year)	00	00	00	00
At July 1, 2023 (current year)	00	00	00	00
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	19,430,208.10	-	00
Capital/Development grants	-	-	00	00
At June 30, 2024 (current year)	00	19,430,208.10	00	00

(Note:

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

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

Description	Note	Period ended 30 th June 2024	Period ended 30 th June 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		00	00
Grants from donors and development partners/ fistula foundation		4,159,500	00
Transfers from other Government entities /public health		802,300	00
Public contributions and donations		00	00
Rendering of services- Medical Service Income		115,941,836	00
Revenue from rent of facilities		00	00
Finance / interest income		00	00
Miscellaneous receipts(<i>specify</i>)		355,027.10	00
Total Receipts		121,258,663.10	00
			00
			00
Payments			
Medical/Clinical costs		34,986,018	00
Employee costs		9,279,760	00
Board of Management Expenses/ hmt		994,000	00
Repairs and maintenance		5,983,980	00
Grants and subsidies		00	00
General expenses		47,143,599	00
Finance costs		125,280	00
Refunds paid out		00	00
Waiver and exemption		3,315,818	
Total Payments		101,828,455	00
Net cash flows from operating activities	42	19,430,205.10	00
Cash flows from investing activities			00
Purchase of property, plant, equipment		(1,608,148)	00
Purchase of intangible assets		(9,740,000)	00
Proceeds from the sale of PPE		00	00
Acquisition of investments		00)	00
Net cash flows used in investing activities		(11,348,148)	00
Cash flows from financing activities			00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Proceeds from borrowings		00	00
Repayment of borrowings		(00)	00
Capital grants received		00	00
Net cash flows used in financing activities		(00)	00
Net increase/(decrease) in cash and cash equivalents		8,082,060	00
Cash and cash equivalents as at 1 July	27	14,860,296.45	00
Cash and cash equivalents as at 30 June	27	8,850,497.45	00

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

Comparative FY refers to the financial year preceding the current year.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	00	00	00	00	00	%
Grants from donors and development partners /fistula foundation	4,159,500	4,159,500	4,159,500	4,159,500	00	100%
Transfers from other Government entities	802,300	802,300	802,300	802,300	00	100%
Public contributions and donations	00	00	00	00	00	100%
Rendering of services- Medical Service Income	120,000,000	00	120,000,000	115,941,836	4,058,164	97%
Revenue from rent of facilities	00	00	00	00	00	00
Finance / interest income	00	00	00	00	00	00
Miscellaneous receipts (<i>specify</i>)	00	00	00	00	00	00
Total income	124,961,800	00	124,961,800	124,961,800	4,058,164	97%
Expenses						
Medical/Clinical costs	40,000,000	00	40,000,000	34,986,018	5,013,982	87%
Employee costs	9,279,760	00	9,279,760	9,279,760	00	100%
Remuneration of directors	994,000	00	994,000	994,000	00	100%
Repairs and maintenance	6,000,000	00	6,000,000	5,983,980	16,020	99.7%
Grants and subsidies	00	00	00	00	00	%
General expenses	51,000,000	00	51,000,000	47,143,599	3,856,401	92.4%
Finance costs	00	00	00	125,280	00	%
Waiver and exemption	4,000,000	00	4,000,000	3,315,818	684,182	82.8%
Refunds	00	00	00	00	00	00%
Surplus for the period	111,273,760	00	111,273,760	101,828,455	9,570,585	91.5%
Capital expenditure	11,348,148	00	11,348,148	11,348,148	00	100%

Budget notes

- 1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14*
- 2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
- 3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)*

:

19. Notes to the Financial Statements

1. General Information

Narok county referral hospital entity is established by and derives its authority and accountability from facilities improvement financing act no. 14 of 2023 . The entity is wholly owned by the Narok County Government and is domiciled in Narok County in Kenya. The entity's principal activity is to eliminate communicable conditions, halt and reverse rising burden of NCDs, reduce the burden of violence and injuries, provide essential medical services, minimize exposure to health risk factors, strengthen collaboration with health-related sectors.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY xxx was approved by Board on xxxx. 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 additional appropriations of xxxx on the FY xxx 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.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Unconditional grants		
Operational grant	00	00
Level 4/5 grants	00	00
Unconditional development grants	00	00
Other grants (<i>specify</i>)	00	00
	00	00
Conditional grants		
User fee forgone	00	00
Transforming health services for Universal care project (THUCP)	00	00
DANIDA	00	00
Wards Development grant	00	00
Paediatric block grant	00	00
Administration block grant	00	00
Laboratory grant	00	00
Total government grants and subsidies	00	00

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance [#] KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year.	Comparative Period
			KShs	KShs	KShs
Narok County Government	00	00	00	00	00
Total	00	00	00	00	00

Note : during these period Narok County Referral Hospital didn't receive grant or transfer of funds for Narok County Government .

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Salaries and wages	1,655,260,716	00
Medical supplies-Drawings Rights (KEMSA)	41,326,710	00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) Meds	11,369,881	00
Food and ratio	32,400,000	00
electricity	14,400,000	00
water	16,000,000	00
Ambulance	12,000,000	00
Security Services	25,200,000	00
Casual salaries	204,000	00
Total grants in kind	1,808,161,307	00

Note : salaries and wages is the sum amount of payment made to all employees in the department of health in Narok county .

8. Grants From Donors and Development Partners

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Cancer Centre grant- DANIDA	00	00
World Bank grants	00	00
Paediatric ward grant- JICA	00	00
Fistula foundation	4,159,500	00
Research grants	00	00
Other grants (<i>specify</i>)	00	00
Total grants from development partners	4,159,500	00

Note ; The hospital has an agreement with fistula foundation for the treatment of fistula patients , the hospital receive payment from the organisation per annual .

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

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

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	00	00	00	00	00
JICA	00	00	00	00	00
World Bank	00	00	00	00	00
Fistula foundation	4,159,500	00	00	4,159,500	00
Total	4,159,500	00	00	4,159,500	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Transfer from National Government (Ministry of Health)	00	00
Transfer from public health	802,300	00
Transfer from xxx Institute	00	00
Total Transfers	802,300	00

NOTE : The above amount was received from the department of public health for services provided by the hospital on its behalf i.e laboratory services .

10. Public Contributions and Donation

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	00	00
Other donations(<i>specify</i>)	00	00
Donations in kind-amortised	00	00
Total donations and sponsorships	00	00

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Balance unspent at beginning of year	00	00
Current year receipts	00	00
Amortised and transferred to revenue	00	00
Conditions to be met – remain liabilities	00	00

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Pharmaceuticals and non pharmaceutical	3,363,884	00
Laboratory	5,572,700	00
casualty	259,400	00
Radiology	10,820,800	00
Orthopedic and Trauma Technology	460,700	00
Theatre	1,206,500	00
Accident and Emergency Service	00	00
Anesthesia Service	00	00
Mortuary	885,500	00
Renal Revenue (DIALYSIS NHIF)	3,298,610	00
Counselling Revenue	15,200	00
Icu	736,500	00
family planning	5,000.00	00
Occupational Therapy	89,400	00
Inpatient NHIF	21,929,922	00
Reproductive health (Linda mama)	44,960,333	00
Ear Nose and Throat service	6,600	00
Gynaecology Revenue	14,800	00
Nutrition service	100.00	00
Health records	2,925,600	00
Public health	4000	00
Medical social work	6,100	00
Ward	14,075,800	00
Accrued income	4,079,887	00
Mental health	8,300	00
Cancer centre service	00	00
Diabetics clinic	23,500	00
Eye clinic	432,300	00
Plaster	33,800.00	00
physiotherapy	233,500	00
Consultation	173,500	00

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Dental services	319,200	00
Reproductive health	00	00
Paediatrics services	00	00
Farewell home services	00	00
Ambulance services	00	00
Other medical services income <i>(specify)</i>	400.00	00
Total revenue from the rendering of services	115,941,836	00

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Residential property	00	00
Commercial property	00	00
Total Revenue from rent of facilities	00	00

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	00	00
Interest income from short- term/ current deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
Total finance income	00	00

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender	00	00
Services concession income	00	00
Sale of goods (water, publications, containers etc)	00	00
Write backs (Deposits, payments in advance etc)	00	00
Bad debts recovered	00	00
<i>Others (Specify)</i>	355,027.10	00
Total Miscellaneous income	355,027.10	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Dental costs/ materials	729,400	00
Laboratory chemicals and reagents	683,250	00
Public health activities	881,800	00
Food and Ration	3,120,635	00
Uniform, clothing, and linen	00	00
Dressing and Non-Pharmaceuticals	10,094,135	00
Medical records	4,880,000	00
Pharmaceutical supplies	3,420,000	00
Theatre services	505,000	00
Radiology reporting	96,600	00
Nhif booklets	556,000	00
Health information stationery	00	00
Reproductive health materials	00	00
Fistula activities	8,118,095	00
Sanitary and cleansing Materials	xxx	00
Purchase of Medical gases	682,600	00
X-Ray/Radiology supplies	1,218,500	00
Other medical related clinical costs (<i>specify</i>)	00	00
Total medical/ clinical costs	34,986,018	00

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Salaries, wages, and allowances	9,279,760	00
Contributions to pension schemes	00	00
Service gratuity	00	00
Performance and other bonuses	00	00
Staff medical expenses and Insurance cover	00	00
Group personal accident insurance and WIBA	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Social contribution	00	00
Other employee costs (<i>specify</i>)	00	00
Employee costs	9,279,760	00

Note :The above allowances are locum payment to health care providers contracted by the hospital to cater for the shortage of health care workers .

Notes to the Financial Statements (Continued)

17. Board of Management Expenses/ Hospital management team

Description	Period ended 30 th 2024	Period ended 30 th 2023
	Kshs	Kshs
Chairman's Honoraria	00	00
Sitting allowance	00	00
Mileage	00	00
Insurance expenses	00	00
Induction and training	00	00
Travel and accommodation allowance	00	00
Airtime allowances/ HMT	994,000	00
Total	994,000	00

18. Depreciation and Amortization Expense

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Property, plant and equipment	00	00
Intangible assets	00	00
Investment property carried at cost	00	00
Total depreciation and amortization	00	00

19. Repairs And Maintenance

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Property- Buildings	5,603,980	00
Medical equipment	00	00
Office equipment	00	00
Furniture and fittings	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Computers and accessories	00	00
Motor vehicle expenses	380,000	00
Maintenance of civil works	00	00
Total repairs and maintenance	5,983,980	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Community development and social work	00	00
Education initiatives and programs	00	00
Free/ subsidised medical camp	00	00
Disability programs	00	00
Free cancer screening	00	00
Social benefit expenses	00	00
Other grants and subsidies(<i>specify</i>)	00	00
Total grants and subsidies	00	00

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	Period ended 30 th 2024	Period ended 30 th 2023
	Kshs	Kshs
Advertising and publicity expenses	00	00
Catering expenses	600,000	00
Waste management expenses	360,000	00
Insecticides and rodenticides	00	00
Sanitary and cleaning materials	120,000	00
Audit fees	00	00
Nhif refund	5,458,876	00
Bank charges	00	00
detergents	6,550,000	00
Conferences and delegations	00	00
Consultancy fees	00	00
Fire safety audit (osha)	1,000,000	00
Contracted cleaning services	13,139,040	00
Internet	834,080	00
Office operation	12,541,600	00
Electricity expenses	00	00
Purchase of curtains	250,000	00
Fuel and Lubricants	5,550,000	00
Insurance	00	00
Research and development expenses	00	00

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Description	Period ended 30 th 2024	Period ended 30 th 2023
	Kshs	Kshs
Legal expenses	00	00
Licenses and permits	00	00
Courier and postal services	00	00
Printing and stationery	750,000	00
Hire charges	00	00
Rent expenses	00	00
Water and sewerage costs	00	00
Skills development levies	00	00
Telephone and mobile phone services	00	00
Staff training and development	00	00
Subscriptions to professional bodies	00	00
Subscriptions to newspapers periodical, magazines, and gazette notices	00	00
Library books/Materials	00	00
Parking charges	00	00
Total General Expenses	47,143,599	00

22. Finance Costs

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Borrowings (amortized cost) *	00	00
Finance leases (amortized cost)	00	00
Interest on Bank overdrafts/Guarantees	00	00
Bank charges	125,280	00
Interest on loans from commercial banks	00	00
Total finance costs	125,280	00

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Other assets not capitalised (specify)	00	00
Total gain on sale of assets	00	00

24. Unrealized Gain On Fair Value Investments

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Investments at fair value	00	00
Total gain	00	00

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Comprehensive care contracts with NHIF	00	00
Non- Comprehensive contracts care with NHIF	00	00
Linda Mama Program	00	00
Waivers and Exemptions	(3,315,818)	00
Total Gain/Loss	(3,315,818)	00

26. Impairment Loss

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Investments	00	00
Total impairment loss	00	00

27. Cash And Cash Equivalents

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Current accounts	8,850,497	00
On - call deposits	00	00
Fixed deposits accounts	00	00
Cash in hand	00	00
Others(<i>specify</i>)- Mobile money	00	00
Total cash and cash equivalents	8,850,497	00

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

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

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

Description		Period eaded 30 th June 2024	Period ended 30 th June 2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1159646554	5,254,190.45	00
Kenya Commercial bank	1159595607	3,596,306	00
Equity Bank, etc		00	00
Sub- total		00	00
b) On - call deposits		00	00
Kenya Commercial bank		00	00
Equity Bank – etc		00	00
Sub- total		00	00
c) Fixed deposits account		00	00
Bank Name		00	00
Sub- total		00	00
d) Others(specify)		00	00
cash in hand		00	00
Mobile money- Mpesa, Airtel money		00	00
Sub- total		00	00
			00
Grand total		8,850,497	00

28. Receivables From Exchange Transactions

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Medical services receivables/NHIF	17,899,000	00
Rent receivables	00	00
Other exchange debtors	00	00
Less: impairment allowance	00	00
Total receivables	17,899,000	00

The hospital claims the above amount after offering services to patient with NHIF cover and lindamama services .

Analysis of Receivables From Exchange Transactions

*Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Description	Period ended 30 th June 2024		Period ended 30 th June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	17,899,000	20.33%	00	00%
Between 1- 2 years	xxx	%	00	00%
Between 2-3 years	xxx	%	00	00%
Over 3 years	xxx	%	00	00%
Total (a+b)	17,899,000	20.33%	00	00%

29. Receivables From Non-Exchange Transactions

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Transfers from the County Government	00	00
Undisbursed donor funds	00	00
Other debtors (<i>non-exchange transactions</i>)	00	00
Less: impairment allowance	00	00
Total	00	00

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

Analysis of Receivables From Non-Exchange Transactions

Description	Period ended 30 th June 2024		Period ended 30 th June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	00	%	00	%

30. Inventories

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Pharmaceutical and non pharmaceutical supplies	13,849,075	00
Maintenance supplies	482,420	00
Food supplies	3,120,635	00
Linen and clothing supplies	00	00
Dental items	729,400	00
Theatre items	145,000	00
Medical gas	682,600	00
detergent	3,750,000	00
Nhif booklets	556,000	00
Laboratory reagents	533,250	00
Medical records	4,880,000	00
Cleaning materials supplies	2,800,000	00
Xray films	1,218,500	00
General supplies	750,000	00
Less: provision for impairment of stocks	(00)	00
Total	33,496,630	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfers/adjustments	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
At 30th Jun 2023	00	00	00	00	00	00	00	00
At 1 July 2023 (current year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	229,950	1,608,145	00	1,838,095
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustments	00	00	00	00	00	00	00	-
At 30th Jun 2024	00	00	00	00	229,950	1,608,145	00	1,838,095
Depreciation and impairment								
At 1 July 2022 (previous year)	00	00	00	00	00	00	00	00
Depreciation for the year	00	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Impairment	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
At 30 June 2023	00	00	00	00	00	00	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2023 (current year)	00	00	00	00	00	00	00	00
Depreciation	00	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Impairment	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustment	00	00	-	00	-	-	(00)	(00)
At 30th June 2024	00	00	00	00	00	00	00	00
Net book values								
At 30 th Jun 2023 (previous)	00	00	00	00	00	00	00	00
At 30 th Jun 2024 (current)	00	00	00	00	229,950	1,608,145	00	1,838,095

Note : The book value and depreciation of some of the asset are not shown since the hospital is awaiting the valuation process of all assets to ascertain the real value for the purpose of reporting in the statement of financial position .

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Cost		
At beginning of the year	9,240,000	00
Additions	500,000	00
Additions-Internal development	0	00
Disposal	(00)	00
At end of the year	9,740,000	00
		00
Amortization and impairment		00
At beginning of the year	00	00
Amortization for the period	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	9,740,000	00

33. Investment Property

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
At beginning of the year	00	00
Additions	00	00
Disposals during the year	(00)	00
Fair value gain	00	00
Depreciation (<i>where investment property is at cost</i>)	(00)	00
Impairment	(00)	00
At end of the year	00	00

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	Period ended 30 th June 2024		Period ended 30 th June 2023	
	KShs		KShs	
Trade payables	7,227,794		00	
Employee dues	00		00	
Third-party payments (e.g. unremitted payroll deductions)	00		00	
Audit fee	00		00	
Doctors' fee	00		00	
Total trade and other payables	7,227,794		00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	00	%	00	%
1-2 years	7,227,794	100%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	7,227,794	100%	00	%

35. Refundable Deposits from Customers/Patients

Description	Period ended 30 th June 2024		Period ended 30 th June 2023	
	KShs		KShs	
Medical fees paid in advance/overpay	1,781,935		00	
Credit facility deposit	00		00	
Rent deposits	00		00	
Others (specify)	00		00	
Total deposits	1,781,935		00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,781,935	100%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	1,781,935	100%	00	%

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	00	00	00	00
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)
Change due to discount & time value for money	(00)	(00)	(00)	(00)
Total provisions	00	00	00	00
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
Total Provisions	00	00	00	00

37. Finance Lease Obligation

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
Total	00	00

38. Deferred Income

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
Total	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	00	00	00	00
Additions during the year	00	00	00	00
Transfers to Capital fund	(00)	(00)	(00)	(00)
Transfers to statement of financial performance	(00)	(00)	(00)	(00)
Other transfers (<i>Specify</i>)	(00)	(00)	(00)	(00)
Balance C/F	00	00	00	00

39. Borrowings

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	00
Repayments of domestic borrowings during the year	(00)	00
Balance at end of the period	00	00

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

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Total	00	00
--------------	----	----

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	(00)	00
Net carrying amount	<u>00</u>	00
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	(00)	00
Service concession liability at end of the year	<u>00</u>	00

41. Social Benefits

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
People Living with Disabilities benefit Scheme	00	00
Elderly social benefit scheme	00	00
Bursary social benefits	00	00
Total	00	00
	00	00
Current social benefits	00	00
Non- current social benefits	00	00
Total (tie to totals above)	00	00

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	KShs.	KShs
Surplus for the year before tax	19,430,208.10	00
Adjusted for:		00
Depreciation	00	00
Non-cash grants received	(00)	00
Impairment	00	00
Gains and losses on disposal of assets	(00)	00
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
Working Capital adjustments		00
Increase in inventory	(00)	00
Increase in receivables	(00)	00
Increase in deferred income	00	00
Increase in payables	00	00
Increase in payments received in advance	00	00
Net cash flow from operating activities	19,430,208.10	00

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2024 (current year)				
Receivables from exchange transactions	17,899,000	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
total	17,899,000	00	00	00

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

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 hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital'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 hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00
At 30 June 2024				
Trade payables		00	7,227,794	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	7,227,794	00	7,227,794	00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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 30 June 20xx			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities		00	00
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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.

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2024			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities		00	00
Trade and other payables	7,227,794	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital'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
20XX (previous year)			
Euro	10%	00	00
USD	10%	00	00
20XX (current year)		00	00
Euro	10%	00	00
USD	10%	00	00

b) Interest rate risk

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

Management of interest rate risk

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

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Period ended	Period ended
	30 th June 2024	30 th June 2023
	Kshs	Kshs
Revaluation reserve	00	00
Retained earnings	8,850,497	00
Capital reserve	00	00
Total funds	8,850,497	00
		00
Total borrowings	00	00
Less: cash and bank balances	00	00
Net debt/ (<i>excess cash and cash equivalents</i>)	8,850,497	00
Gearing	100%	00%

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	00	00
Sales of services to xxx	00	00
Total	00	00
	00	00
b) Grants from the Government	00	00
Grants from County Government	00	00
Grants from the National Government Entities	00	00
Donations in kind	00	00
Total	00	00
	00	00
c) Expenses incurred on behalf of related party	00	00
Payments of salaries and wages for xxx employees	00	00
Payments for goods and services for xxx	00	00
Total	00	00
		00

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	00	00
Compensation to the medical Sup	00	00
Compensation to key management	00	00
	00	00
Total	00	00

45. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

46. Contingent Liabilities

Contingent liabilities	Period ended 30 th 2024	Period ended 30 th 2023
	Kshs	Kshs
Court case xxx against the hospital	00	00
Bank guarantees in favour of subsidiary	00	00
Total	00	00

(Give details)

47. Capital Commitments

Capital Commitments	Period ended 30 th June 2024	Period ended 30 th June 2023
	Kshs	Kshs
Authorised For	00	00
Authorised And Contracted For	00	00
Total	00	00

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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

.....
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

Narok County Referral Hospital (Narok County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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