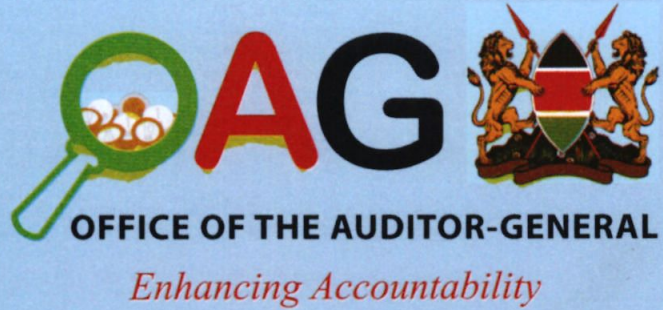


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KITALE COUNTY REFERRAL
LEVEL 4 HOSPITAL**

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

COUNTY GOVERNMENT OF TRANS NZOIA

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



(Add your Hospital's Logo)

Kitale County Referral Hospital Level 4 HOSPITAL
(Trans Nzoia County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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.....	viii
6. Report of The Medical Superintendent.....	ix
7. Statement of Performance Against Predetermined Objectives	x
8. Corporate Governance Statement	xii
9. Management Discussion and Analysis	xiii
10. Environmental and Sustainability Reporting	xv
11. Report of The Board of Management	xvii
12. Statement of Board of Management’s Responsibilities	xix
13. Report of the Independent Auditor (<i>Kitale County Referral Hospital</i>).....	xxi
14. Statement of Financial Performance for The Year Ended 30 June 2024	1
15. Statement of Financial Position as at 30th June 2024	2
16. Statement of Changes in Net Asset for The Year Ended 30 June 2024	4
17. Statement of Cash Flows for The Year Ended 30 June 2024	5
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024 7	
19. Notes to the Financial Statements	9
20. Appendices	43

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

Kitale County Referral Hospital is a level 4 hospital established under gazette notice number xxx and is domiciled in Trans Nzoia County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to achieve high quality accessible, affordable and equitable healthcare for all.

Vision- A globally competitive, healthy and productive County systematically build a responsive, evidence- based healthcare system for attainment of the highest standards of healthcare services to all the residents of Trans Nzoia County.

Core Objectives

- i. accelerates the reduction of the burden of communicable diseases and conditions
- ii. halt and reverse the rising burden of non-communicable diseases
- iii. reduce the burden of violence and injuries
- iv. strengthen mechanisms for screening and management of conditions arising from health risk factors at all levels
- v. minimize exposure to the major health risk factors
- vi. strengthen collaboration and cooperation with other health-related sectors

(c) Key Management

The Kitale County Referral Hospital management is under the following key organs:

- County department of health
- Board of Management

- Accounting Officer/ Medical Superintendent
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Antony Wamalwa
2.	Head of finance	CPA Edwin Kiboi
3.	Head of supply chain	Thomas Wefwile
4.	Hospital Administrator	Amos Barasa

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

(e) Fiduciary Oversight Arrangements

- Audit/ Finance General Purpose Committee
- Continuous quality improvement
- Risk Management Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 98-30200
Kapenguria Eldoret /Road/Highway
Kitale, Kenya

(g) Entity Contacts

Telephone: (+254) 734-328-545
E-mail: medsupkitale@gmail.com
Website: www.go.ke

(h) Entity Bankers

Cooperative Bank of Kenya
P.O BOX 98-30200
KITALE
AC NO. 0110120870001

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 4211-30200
Kitale, Kenya

3. The Board of Management

Ref	Directors	Details
1.	Director 1- Dr. Erick Obat <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: Gideon Oyagi	
3.	Director 3: Julia Ngeywo	
4.	Director 4: Zaietun A. Mulaa	
5.	Director 5: Sharon Luseno	
6.	Director 6: Carolyne Mutoro	
7.	Director 6: Michael Ochieng	
8.	Entity Secretary: Dr Antony Wamalwa	

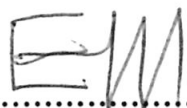
4. Key Management Team

Ref	Management	Details
1.	<p>Manager 1: Dr. Antony Wamalwa</p> <p><i>(Insert each key manager's passport-size photo and name, and key profession/academic qualifications)</i></p>	<ol style="list-style-type: none"> 1. Administrative control of hospital 2. Co-ordination of Hospital departments 3. Secretary of the B.O.M
2.	<p>Manager 2: Amos Barasa</p>	<ol style="list-style-type: none"> 1. To exercise general supervision over of the office. 2. To check the registers and stocks of linen, drugs, dead stock articles, store articles Etc. periodically, and to report any irregularity therein to the Medical Superintendent 3. To perform any other duty as may be directed by Medical superintendent. or any other office from time to time

5. Chairman's Statement

During the year under review the major Key Activities include, Hospital Management Board training, Formation of Board sub committees and Partial Migration from Kitale County Referral Hospital to Wamalwa Kijana Teaching and Referral Hospital. During the year the management faced challenges ranging from Inadequate funding to finance key projects and supplies in the facility, Under staffing of healthcare workers and High operation costs.

The management way forward for the coming financial year was, Recruitment of medical staff, sourcing of funds from County Government and other partners, Reducing on wastages and Automation of revenue streams.



.....
Name Dr. Eric Obat

Chairman to the Board

6. Report of The Medical Superintendent

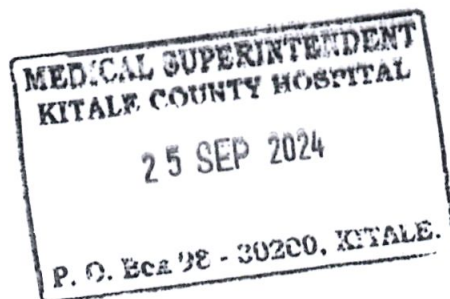
During the year under review the major Key Activities include, Hospital Management Board training, Formation of Board sub committees and Partial Migration from Kitale County Referral Hospital to Wamalwa Kijana Teaching and Referral Hospital. During the year the management faced challenges ranging from Inadequate funding to finance key projects and supplies in the facility, Under staffing of healthcare workers and High operation costs.

The management way forward for the coming financial year was, Recruitment of medical staff, sourcing of funds from County Government and other partners, reducing on wastages, Automation of revenue streams, setting of revenue targets, follow up of Facility reimbursements from NHIF and Full migration to WKTRH to reduce on overhead costs

In terms of financial performance, the facility revenue increases when more resources are injected. Departments have revenue targets at the beginning of every quarter against their needs. High revenue generating departments are Pharmacy department, Laboratory department, Theatre (major and minor), Maternity and Radiology Department. The facility also receives commodities from the the department of health which cuts the shortcoming that may arise. Under the financial year under review, the facility managed to collect kshs 157,130,036/=. Out of the total revenue, 70% is normally spent on HPTs and the rest on other recurrent expenditure. All expenditures are approved by both the Hospital management team and the hospital Board before nay spending. The Facility has also a functional Executive Expenditure Committee and Finance Board committee which meets regularly to oversee the financial aspects of the Facility in terms of revenue and expenditure.

Antony Wamalwa

.....
Name **Dr Antony Wamalwa**
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

(Two-to-three pages)

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

XXX has X strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY xx- FY xx. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2:

XXX develops its annual work plans based on the above X pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The XXX achieved its performance targets set for the FY 20xx/20xx period for its xx strategic pillars, as indicated in the diagram below:

(NB: Entities can prepare this performance information as per the table below or in a more relevant format suitable for the nature of its activities)

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Leadership and Governance				
Health Care Financing				
Human Resource for Health				
Service Delivery				

Health Information Systems				
Health products and technologies				

(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)

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

Two- to-four pages

(Under this section, the management gives a report on the operational and financial performance of the organisation during the period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

Some of the details to be included under this section are;

Clinical/operational performance

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

Financial performance that includes: -

- *Revenue sources,*
- *Utilisation of funds etc*

(The management discussion and analysis should be signed by the Chief Executive Officer/Medical Superintendent)

10. Environmental and Sustainability Reporting

Two-to-three pages)

i) Sustainability strategy and profile

Include an Introductory paragraph on the main mandate of the organization and its strategy on sustainability. Sustainability being the ability to maintain or continue offering services to the citizens of the country over the long- term. The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

iii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The organisation gives details of CSR activities carried out in the year and the impact to the society.

Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

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 Kitale County Referral Hospital affairs.

Principal activities

The principal activities of the entity are set out on page vii

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 32

Board of Management

The members of the Board who served during the year are shown on page v. During the year, no director(s) retired/ resigned, and eight directors were appointed with effect from July 2023.

Auditors

The Auditor General is responsible for the statutory audit of the Fund 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

[Handwritten Signature]

Name Dr. Antony Wamalwa
Secretary to the Board

MEDICAL SUPERINTENDENT
KITALE COUNTY HOSPITAL
25 SEP 2024
P. O. Box 98 - 30200, KITALE.

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (Trans Nzoia County Health Improvement Fund, 2021) requires the Board of Management to prepare financial statements in respect of that Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Board of Management is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The council members are also responsible for safeguarding the assets of the Fund.

The Board of Management is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund 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 Fund; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

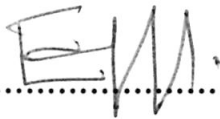
The Board of Management accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Trans Nzoia County Health Improvement Fund, 2021). The Board members are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the Fund'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 Fund 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:

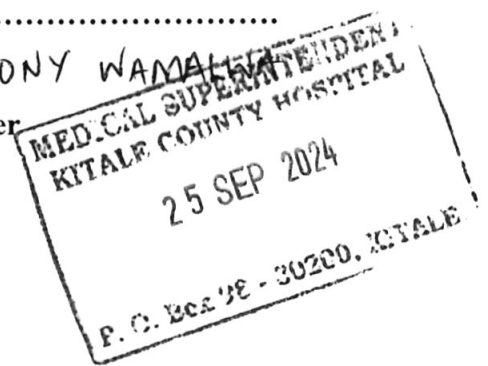
Chairperson

Board of Management



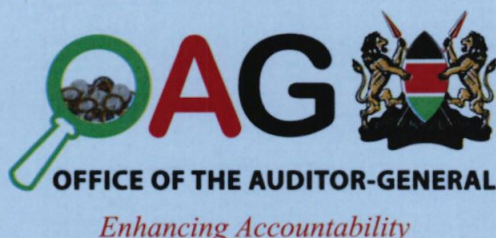
.....
Name: DR. ANTONY WAMALWA

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 KITALE COUNTY REFERRAL LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF TRANS NZOIA

PREAMBLE

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

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

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. 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.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kitale County Referral Hospital set out on pages 1 to 44, 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 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Non-Submission of Financial Statements

The Management of the Hospital did not to submit financial statements for the financial years 2021/2022 and 2022/2023 which was supposed to be audited alongside the financial statements for the financial year 2023/2024. The Public Sector Accounting Standards Board, Kenya (PSASB-K) in May, 2022 issued guidelines and templates to be used for reporting by Level 4 and Level 5 Hospitals for use from 30 June, 2022. No reason or explanation was given for failure to prepare and submit to the Auditor General the financial statements.

In the circumstances, the accuracy and completeness of prior year balances for the financial statements for the year ended 2023/2024 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions amount of Kshs.41,665,963 as disclosed in Note 11 to the financial statements. However, there were no supporting schedules, debtors' policy to guide on debt collection and management. No debtors' ledgers and aging analysis to explain for how long the debts have remained outstanding were provided.

In the circumstances, the accuracy, existence and completeness of the receivables from exchange transactions could not be confirmed.

3. Lack of General Ledgers and Trial Balance

The statement of financial performance reflects total expenditure amount of Kshs.136,633,590, and total revenues of Kshs.160,158,473. However, review of the supporting documents including payment vouchers provided for audit revealed that the Hospital did not prepare ledgers for the various transactions reported and trial balance to confirm accuracy of the financial statement balances.

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

4. Undisclosed Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transaction from rendering of services -medical service income amount of Kshs.157,130,036, as disclosed in Note 2A to the financial statements, However, review of records revealed that the

Hospital had a private wing called Mt. Elgon Hospital whose revenue totaling Kshs.8,432,601 from medical services and National Health Insurance Fund (NHIF) was not included in the revenue from exchange transactions.

In the circumstances, the accuracy and completeness of revenue from exchange transactions could not be confirmed.

5. Cash Withdrawals from Revenue Account without Approval from the Board

Review of the bank statements revealed that Management withdrew cash amounting to Kshs.120,142,103 from Hospital's revenue account at a local bank without approvals from the Board. In addition, review of the bank statements revealed that some transfers were made to an operations account in a local bank whose cashbook, bank statement, and bank certificate were not provided for audit. Further, the reconciled account balances were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the transactions and cash and cash equivalents could not be confirmed.

6. Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.272 as disclosed in Note 10 to the financial statements. Review of cash books and bank statements revealed that the Hospital had eight (8) sub-county units which got financial allocation from the Hospital. However, expenditure returns from the sub-county units were not provided for audit. Further, the referral Hospital has four bank accounts, which on review had end of year closing balances of Kshs.23,862,654 but only Kshs.272 was recorded as cash and cash equivalents leading to an unreconciled variance of Kshs.23,862,382.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalent balance of Kshs.272 could not be confirmed.

7. Poorly Maintained Cashbook

Review of the cash book revealed that it was not ruled out daily and checked by a senior official for accuracy and correctness. Further, it was noted that the same officer recording the cashbook was the one preparing bank reconciliations and signing them. There was no separation of roles as a measure of internal controls, which may lead to loss of cash.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalent balance of Kshs.272 could not be confirmed.

8. Unreconciled Revenue from Exchange Transactions

The statement of financial performance reflects income from exchange transaction - rendering of medical services amount of Kshs.157,130,036 as disclosed in Note 2A to the financial statements out of which Kshs.65,952,494 was generated through mpesa paybill and MEDBOSS system. However, the Mpesa paybill and MEDBOSS had unreconciled

variances at the end of each month analysed from July, 2023 to June, 2024 all totaling to Kshs.2,152,477. In addition, cash collections totalling Kshs.157,130,036 could not be reconciled to the revenue generating departments, on amount billed, paid and banked.

In the circumstances, accuracy and completeness of revenue from rendering of medical services amount of Kshs.157,130,036 could not be confirmed.

9. Undisclosed Inventory

Management did not disclose the closing inventory balances consisting of medical stores and food rations in the financial statements. In addition, no annual stock takes were carried out at the close of the financial year. Further, bin cards and stock movement records for each item of stores were not provided for audit.

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

10. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.24,695,798 as disclosed in Note 13 to the financial statement. However, the balance was not supported by an ageing analysis, invoices, delivery notes, goods received notes, requisitions from user departments, list of suppliers and contracts with suppliers.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.24,695,798 could not be confirmed.

11. Unsupported Grants from Donors and Development Partners

The statement of financial performance reflects grants from donors and development partners amount of Kshs.3,028,437 as disclosed in Note 1 to the financial statements. However, invoices and financing agreement between the Hospital and the grant donors were not provided for audit.

In the circumstances, the accuracy and completeness of the grants from donors and development partners amount of Kshs.3,028,437 could not be confirmed.

12. Variances in Waivers and Exemptions

The statement of financial performance reflects medical services contracts gains or losses amounting to Kshs.1,961,045 as disclosed in Note 8 to the financial statements. However, review of records revealed an amount of Kshs.10,271,619 as waivers which were not disclosed resulting in an unreconciled variance of Kshs.8,310,574.

In the circumstances, the accuracy, completeness of medical services contracts gains or losses amounting to Kshs.1,961,045 could not be confirmed.

13. Lack of an Asset Register

The statement of financial position reflects property, plant and equipment balance of Kshs.4,638,402 which, as disclosed in Note 12 to the financial statements, represents assets acquired during the year. However, review of the Hospital records and physical inspection revealed that the Hospital had items of property, plant and equipment, freehold land, buildings and motor vehicles were not valued for inclusion in the statement of financial position. Further, the land on which the Hospital is built, and the developments therein did not have ownership documents. In addition, the Hospital did not have an asset register.

In the circumstances, the accuracy, existence and completeness of property, plant and equipment balance of Kshs.4,638,402 could not be confirmed.

14. Non-Compliance with Approved Financial Reporting Template

Review of the annual reports and the financial statements for the year ended 2023/2024 presented for audit revealed the following errors and omissions: -

- i. The list of Board of Management did not include the director's photo, name and key profession/academic qualifications;
- ii. The list of Management team did not include the key manager's photo name, and key profession/academic qualifications;
- iii. The Chairman's statement was not included in the report;
- iv. The report of the Chief Executive Officer was omitted;
- v. The statement of performance against predetermined objectives was not included;
- vi. Corporate governance statement was not updated;
- vii. Management discussion and analysis was not updated;
- viii. Environmental and sustainability reporting was not updated;
- ix. Report of the Board of Management was not updated;
- x. Statement of Board of Management's responsibilities was not updated;
- xi. The notes to the financial statements were not numbered as per the reporting the IPSAS reporting template.
- xii. The statement of financial position was no balanced
- xiii. The financial statements presented for audit did not specify which IPSAS method they were prepared.
- xiv. The incomes and expenditures were recognized on cash basis instead of accrual basis.

- xv. The financial statements submitted for audit did not have the logo of the Hospital.
- xvi. Management did not disclose In-kind contributions from the County Government and transfers from the County Government in the statement of financial performance.

This was contrary to Regulation 101(4) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the Controller of Budget and the National Treasury.

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

15. Lack of Approved Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects total revenue and expenditure amounts of Kshs.160,158,473 and Kshs.136,633,590 respectively. However, the Hospital did not provide the annual approved budget for audit. This was contrary to Regulation 31(a) of Public Finance Management (County Government) Regulations, 2015 which provides that all revenues and expenditures shall be included into the County Government budget estimates.

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

16. Failure to Prepare Procurement Plan

During the financial year under review, Management did not prepare and submit its annual procurement plan to the County Department of Health and Medical Services for review and consolidation contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which requires a procuring entity to prepare a procurement plan for each financial year as part of annual budget process. In addition, it was observed that the procurement function at the Hospital was generally nonexistent.

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

17. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews with Management revealed that the Hospital had fourteen (14) medical officers against the required sixteen (16). The Hospital did not have anaesthesiologists against the required two (2). Further, the Hospital had no functional ICU beds against the required six (6) and lacked high dependency unit beds against the required six (6).

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, the effectiveness of service delivery to the public by the Hospital could not be confirmed.

18. Lack of Policy Documents and Controls

Review of the Information Technology Internal Controls revealed that Kitale County Referral Hospital did not have a Risk Management Policy, Disaster Recovery Plan approved ICT Policy, IT security policy, policy on physical access to IT environment and IT continuity and disaster recovery plan in place to guide on ICT operations. Further, the Hospital did not have an approved IT Strategic and Steering Committee which is important in performing the oversight function and formulation of policies to ensure that IT department functions properly to assist in achievement of organizational objectives in an economic, efficient and effective way.

In the circumstances, the effectiveness of Management in ensuring controls and risk management could not be confirmed.

19. Failure to Establish Internal Audit Unit and Audit Committee

The Hospital has not established an audit committee and internal audit function to monitor the entities governance process, accountability process and control systems and offer objective advice on issues concerning Risk(s)/Effect(s)/Implications, control, regulatory requirements and governance.

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

20. Weaknesses in Revenue Collection System

Review of the revenue collection system revealed that the Hospital had not fully embraced Mpesa receipting, and no evidence of daily or monthly reconciliations of revenue collected in Medboss system against Mpesa transactions was provided for audit. Further, the Hospital has been operating since February, 2024 to the date of audit in November, 2024 without a revenue management system, and no evidence was provided to confirm that the procurement of a revenue management system had been initiated.

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

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

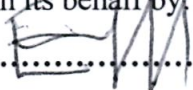
Nairobi

31 December, 2024


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

Description	Note	30 June 2024	30 June 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Grants from donors and development partners	1	3,028,437	-
Total Revenue from non-exchange transactions		3,028,437	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	2A	157,130,036	-
Total Revenue from exchange transactions		157,130,036	-
Total revenue		160,158,473	-
Expenses			
Medical/Clinical costs	3	105,853,599	-
Board of Management Expenses	4	2,477,430	-
Depreciation of Plant and machinery	5	0	-
Repairs and maintenance	6	12,508,530	-
General expenses	7	15,794,031	-
Property, Plant and Machinery	12	4,638,402	-
Total expenses		136,633,590	-
Other gains/(losses)			
Medical services contracts Gains/Losses	8	1,961,045	-
Total other gains/(losses)		0	-
Net Surplus / (Deficit) for the year		21,608,840	-


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



Chairman
Board of Management



Head of Finance
 ICPAK No: 11472



Medical Superintendent
MEDICAL SUPERINTENDENT
KITALE COUNTY HOSPITAL
 25 SEP 2024
 P. O. Box 98 - 30200, KITALE

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

Description	Note	30 June 2024	30 June 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	10	272	-
Receivables from exchange transactions	11	41,665,963	-
Total Current Assets		41,666,235	-
Non-current assets			
Property, plant, and equipment	12	4,638,402	-
Total Non-current Assets		4,638,673	-
Total assets (A)		46,304,637	-
Liabilities			
Current liabilities			
Trade and other payables	13	24,695,798	-
Total Current Liabilities		24,695,798	-
Non-current liabilities			
Total non-current liabilities		0	-
Total Liabilities (B)		24,695,798	-
Net assets (A-B)		21,608,840	-
Represented by:			
Accumulated surplus/Deficit		21,608,840	-
Capital Fund			-

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

Description	Note	30 June 2024	30 June 2023
		Kshs	Kshs
Net Assets		21,608,840	-

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

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



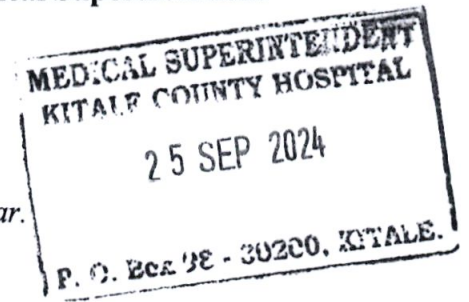
.....
Chairman
Board of Management



.....
Geoffrey Kibor
Head of Finance
ICPAK No: 11472



.....
Medical Superintendent



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

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	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2023	-	-	-	-
At July 1, 2023	-	-	-	-
Revaluation gain	0	0	-	Xxx
Surplus/(deficit) for the year		21,608.840	-	21,608.840
Capital/Development grants		0	-	0
At June 30, 2024	0	21,608.840	-	21,608.840

(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	30 June 2024	30 June 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Grants from donors and development partners	1	3,028,437	-
Rendering of services- Medical Service Income	2B	153,605,424	-
Total Receipts		156,633,861	-
Payments			
Medical/Clinical costs	3	101,215,197	-
Board of Management Expenses	4	2,477,430	-
Repairs and maintenance	6	12,508,530	-
General expenses	7	15,794,031	-
Funds retained	9	20,000,000	
Total Payments		151,995,188	-
Net cash flows from operating activities		4,638,672	-
Cash flows from investing activities			
Purchase of property, plant, equipment	12	(4,638,402)	(-)
Net cash flows used in investing activities		(4,638,402)	(-)
Cash flows from financing activities			
Net cash flows used in financing activities		0	(-)
Net increase/(decrease) in cash and cash equivalents		272	(-)
Cash and cash equivalents as at 1 July 2023		0	-
Cash and cash equivalents as at 30 June 2024		272	-

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

(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.

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

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						
Grants from donors and development partners	3,028,437	0	3,028,437	3,028,437	0	100%
Rendering of services- Medical Service Income	157,130,036	0	157,130,036	157,130,036	0	100%
Total income	160,158,473		160,158,473	160,158,473		
Expenses						
Medical/Clinical costs	101,215,197	0	101,215,197	101,215,197	0	100%
Remuneration of directors	2,477,430	0	2,477,430	2,477,430	0	100%
Repairs and maintenance	12,508,530	0	12,508,530	12,508,530	0	100%
General expenses	15,794,032	0	15,794,032	15,794,032	0	100%
Purchase of property, plant, equipment	4,638,402		4,638,402	4,638,402		
Medical Gains /losses	1,961,045		1,961,045	1,961,045	0	
Surplus for the period	21,608,840	0	21,608,840	21,608,840	0	%
Capital expenditure		-	-	-	-	%

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

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

Kitale County Referral Hospital is established by and derives its authority and accountability from the Trans Nzoia County Health Improvement Fund Act 2021. The entity is wholly owned by the Trans Nzoia County Government and is domiciled in Trans Nzoia County in Kenya. The entity's principal activity is to achieve high quality accessible, affordable and equitable healthcare for all

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

3. Adoption of New and Revised Standards

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

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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><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	<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,</p>

Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<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>
IPSAS 47- Revenue	<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>

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 Fund 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 2022-2023 was approved by the Board. 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 fund recorded no additional appropriations on the FY 2022/2023 budget following the Board's approval. The fund'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 9 under section Statement of Comparison of Budget and Actual Amounts of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period 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.

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

Notes to the Financial Statements (Continued)

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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

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.

Notes to the Financial Statements (Continued)

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 Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Fund 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 Fund 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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

Provisions

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

Notes to the Financial Statements (Continued)

1. 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	FY 2022-2023
	KShs	KShs	KShs	KShs	KShs
Donor e.g., LEEDS	3,028,437	-	-	3,028,437	-
Total	3,028,437	-	-	3,028,437	-

2A. Rendering of Services-Medical Service Income

Description	Period ended 30 June 2024	30 June 2023
	Kshs	Kshs
Pharmaceuticals	11,920,159	-
Non-Pharmaceuticals	9,564,085	-
Laboratory	8,260,102	-
Radiology	8,077,350	-
Orthopedic and Trauma Technology	205,703	-
Theatre	2,003,000	-
Accident and Emergency Service	486,000	-
Ear Nose and Throat service	321,000	-
Nutrition service	1,650,601	-
Dental services	2,203,350	-
Reproductive health	182,000	-
Other medical services income	21,079,144	-
NHIF collection-	91,177,542	-
Total revenue from the rendering of services	157,130,036	-

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

2B. Funding received from HQTR

Description	Period ended	30 June 2023
	30 June 2024	
	Kshs	Kshs
Quarter 1	44,466,709	-
Quarter 2	35,795,489	-
Quarter 3	25,900,000	-
Quarter 4	47,443,226	-
Total	153,605,424	

3. Medical/ Clinical Costs

Description	Period ended	30 June 2023
	30 June 2024	
	Kshs	Kshs
Dental costs/ materials	125,600	-
Laboratory chemicals and reagents	8,219,298	-
Public health activities	210,000	-
Food and Ration	18,503,807	-
Uniform, clothing, and linen	453,800	-
Dressing and Non-Pharmaceuticals	21,016,057	-
Pharmaceutical supplies-Drugs	20,982,767	-
Sanitary and cleansing Materials	6,898,378	-
Purchase of Medical gases	3,609,000	-
Medical Equipment	4,638,402	-
X-Ray/Radiology supplies	1,734,650	-
Other medical related clinical costs (<i>specify</i>)	1,042,413	-
Fuel costs	10,985,686	-
Other fuels	4,765,700	-
Leeds	2,668,041	-
Total medical/ clinical costs	105,853,599	-

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

Notes to the Financial Statements (Continued)

4. Board of Management Expenses

Description	Period ended	30 June 2023
	30 June 2024	
	Kshs	Kshs
Sitting allowance	1,442,630	-
Induction and training	1,034,800	-
Total	2,477,430	-

5. Depreciation and Amortization Expense

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

6. Repairs and Maintenance

Description	Period ended	Period ended
	30 June 2024	30 June 2023
	Kshs	Kshs
Property- Buildings	6,519,670	-
Medical equipment	2,693,620	-
Computers and accessories	1,084,960	-
Motor vehicle expenses	388,800	-
Maintenance of civil works	1,821,480	-
Total repairs and maintenance	12,508,530	-

Notes to the Financial Statements (Continued)

7. General Expenses

Description	Period ended	Period ended
	30 June 2024	30 June 2023
	Kshs	Kshs
Bank charges	33,289.5	-
Travel and accommodation allowance	2,241,150	-
Telephone and mobile phone services	440,000	-
Contracted services	234,000	-
Printing and stationary	5,479,340	-
Staff training and development	3,560,000	-
Water and Sewerage costs	2,961,902	-
Rent Expenses	816,000	-
Courier and Postal services	28,350	-
Total General Expenses	15,794,031.5	-

8. Medical Services Contracts Gains /Losses

Description	Period ended	Period ended
	30 June 2024	30 June 2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	-
Non- Comprehensive contracts care with NHIF	0	-
Linda Mama Program	0	-
Waivers and Exemptions	1,961,045	-
Total Gain/Loss	1,961,045	-

9. Funds Retained by HQTR

Description	Period ended	Period ended
	30 June 2024	30 June 2023
	KShs	KShs
Funds retained to Mother Department	20,000,000	-
Total	20,000,000	-

Notes to the Financial Statements (Continued)

10. Cash and Cash Equivalents

Description	Period ended 30 June 2024	Comparative prior period	Prior Year audited
	Kshs	Kshs	Kshs
Current accounts	272	-	-
Total cash and cash equivalents	272	-	-

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

10. Detailed Analysis of Cash and Cash Equivalents

Description		30 June 2024	30 June 2023
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Cooperative bank	0110120870001	5,566,112	-
Eco Bank	6610004128	18,007,580	
Sub- total		18,007,852	-
Grand total			-

11. Receivables from Exchange Transactions

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Medical services receivables	41,665,963	-
Total receivables	41,665,963	-

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Notes to the Financial Statements (Continued)

Analysis of Receivables from Exchange Transactions

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	41,665,963	100%	xxx	%
Between 1- 2 years	-	%	xxx	%
Between 2-3 years	-	%	xxx	%
Over 3 years	-	%	xxx	%
Total (a+b)	41,665,963	%	xxx	%

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

Notes to the Financial Statements (Continued)

12. 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)	-	-	-	-	-	0	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(0)	(-)	(-)
Transfers/adjustments	-	-	(-)	-			-	(-)
At 30th Jun 2023	-	-	-	-	-	0	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	4,638,402	-	4,638,402
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments		-		-			(-)	-
At 30th June 2024	-	-	-	-	-	4,638,402	-	4,638,402
Depreciation and impairment								

**Kitale County Referral Hospital (Trans Nzoia 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 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals		(-)	(-)	(-)	(-)	(-)		(-)
Impairment		(-)	(-)	(-)	(-)	(-)		(-)
At 30 June 2023		-	-	-	-	-		-
At July 2023 (current year)		-	-	-	-	-		-
Depreciation		-	-	-	-	-		-
Disposals		(-)	(-)	(-)	(-)	(-)		(-)
Impairment		(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
At 30th June 2024		-	-	-	-	-	-	-
Net book values								
At 30 th June 2023 (previous)	-	-	-	-	-	-	-	-
At 30 th June 2024 (current)	-	-	-	-	-	-	-	-

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

Notes to the Financial Statements (Continued)

13. Trade and other Payables

Description	FY 2023-2024		FY 2022-2023	
	KShs		KShs	
Trade payables	24,695,798		-	
Total trade and other payables	24,695,798		-	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	24,695,798	100%	-	%
1-2 years	0	%	-	%
2-3 years	0	%	-	%
Over 3 years	0	%	-	%
Total	24,695,798	100%	-	%

Notes to the Financial Statements (Continued)

9. 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 Kshs	Fully		
		performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx

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

Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20XX (current year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from –non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the 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	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				

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

Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(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

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

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)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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

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

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.

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

Description	Change in	Effect on Profit	Effect on
	currency rate	before tax	equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

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.

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

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

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	Current	Comparative
	Period	Period
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/ (<i>excess cash and cash equivalents</i>)	xxx	xxx
Gearing	xx%	xx%

Notes to the Financial Statements (Continued)

10. 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.

xxx 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

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

Description	Insert Current	Insert
	FY	Comparative
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	xxx	xxx
Sales of services to xxx	xxx	xxx
Total	xxx	xxx
b) Grants from the Government		
Grants from County Government	xxx	xxx
Grants from the National Government Entities	xxx	xxx
Donations in kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	xxx	xxx
Payments for goods and services for xxx	xxx	xxx
Total	xxx	xxx
d) Key management compensation		
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	xxx	xxx

11. 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)

12. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

13. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

(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)

14. Events after the Reporting Period

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

15. 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.

16. 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.

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

- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the 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							

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

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:					

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

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

*Kitale County Referral Hospital (Trans Nzoia 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		

*XX Hospital (XX County Government)
Annual Report and Financial Statements for The Year Ended 30th June 20xx*

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