

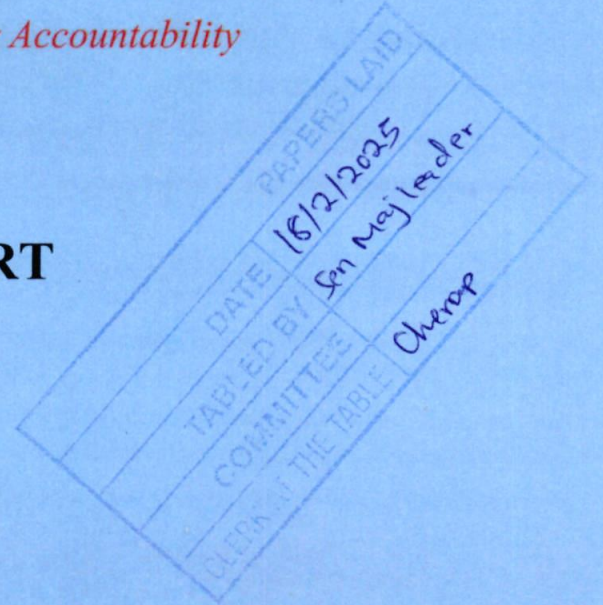
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



OF

THE AUDITOR-GENERAL

ON

IGEGANIA LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KIAMBU



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

23 DEC 2024

RECEIVED

30th JUNE 2024



**IGEGANIA LEVEL 4 HOSPITAL
(Kiambu County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

CSR:	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
NSM	Nursing Services Manager
HAO	Health Administrative Officer
CHMT	County Health Management Team
KMPDC	Kenya Medical Practitioners and Dentist Board
FIF	Facility improvement fund
CEC	County Executive Committee
EMR	Electronic Medical Records
ICT	Information and Communication Technology
UHC	Universal Health Care
WHO	World Health Organization
CBM	Christian Blind Mission
ENT	Ear Nose and Throat
HMIS	Health Medical Information System
RRI	Rapid Response Initiative
MBCHB	Bachelor Of medicine And Bachelor of Surgery
MMED	Masters of Medicine
KRCHN:	Kenya Registered Community Health Nurse/
BSN	Bachelor of Science in Nursing
MSCN	Masters of Science in Nursing
LVCT	Liverpool Voluntary Counselling and Testing
KHIS	Kenya Health Information System

2. Key Entity Information and Management

(a) Background information

Igegania Sub County Hospital is a level 4 hospital domiciled in Kiambu County under the Health Services Department. It serves the people of Gatundu North and neighbouring subcounties. It is fed by 2 health centres and 9 dispensaries. Referral upwards is to Thika, Gatundu and kiambu level 5 hospitals. The hospital is governed by a Board of Management vide gazette notice number 3616 under Kiambu County Health Services

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality healthcare the citizens of Kiambu county, and its environs

Vision

To be an efficient and cost-effective health care system for the public

Mission

To provide an integrated quality preventive, promotive, curative and rehabilitative healthcare services

Goal

To participate in reduction of health inequities and improve health

(c) Key Management

The management is under the following key organs:

- County department of health
- County health management team
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Executive expenditure committee

(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.	Position	Name
1.	Medical Superintendent	Namarome Wekesa
2.	Head of finance	Shiriacah Muthee
3.	Head of supply chain	Elizabeth Muinde
4.	Head of Administration	Samuel Ondiek
5.	Head of Nursing	Tabitha Kinuthia
6.	Head of Pharmacy	Periz Aiyenga

- (e) **Fiduciary Oversight Arrangements**
- Kenya Medical Practitioners and Dentist Council (KMPDC)- provides practice licences for medical doctors and ensures compliance with ethics
 - Nursing council of Kenya – regulates training and licencing of nurses
 - Oversight health committee from the county assembly under the county department of health services
- The County health Management committee (CHMT) led by the Chief Officer of Health undertakes budget approvals, authorises expenditure and performs inspection of the facility and perform supportive supervision

(f) **Igegania Level 4 Hospital Headquarters**

P.O. Box 84 Gatundu
Mang'u –flyover Highway
Gatundu North
Kiambu County, Kenya

(g) **Hospital Contacts**

Telephone: (+254) 758502881, (+254) 795917967
E-mail: igeganiahospital@gmail.com

(h) **Hospital Bankers**

Kenya Commercial Bank (KCB)

Thika Branch

Email thika@kcbgroup.com

Co-Operative Bank

Gatundu Branch

Email gatundubr@co-opbank.co.ke

(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**

State Law Office

Harambee Avenue

P.O Box 40112

City Square 00200





Nairobi Kenya

(k) **County Attorney**




P.O. Box. 2344- 00900


Kiambu, Kenya

3. The Board of management

Directors		
1.	<p>Prof.Njenga Munene Chair of the board</p> 	<p>Current Vice-Chancellor of Zetech University and Professor of Clinical Veterinary Medicine. Previously, worked at Egerton University for several years in teaching and administration positions, including Deputy Vice-Chancellor in charge of Administration and Finance for a 5-year term.</p> <p>A full professor of Clinical Veterinary medicine, he is a strategist who served as chairman of various committees including tender, website improvement and disciplinary for staff</p>
2.	<p>Josephine Karari Board member</p> 	<ul style="list-style-type: none"> • Board member • Attending board meeting • Approving of budget • Follows up on the budget • Monitoring and evaluation
3.	<p>Reverend Virginia Wambui Board member</p> 	<p>Vicar, ACK Gakui Parish, area dean Mangu deanery</p> <ul style="list-style-type: none"> •Board member •Attending board meeting •Approving of budget •Follows up on the budget <p>Monitoring and evaluation</p>
4.	<p>Dr Namarome Wekesa Secretary to the board</p> 	<p>Obstetrician /gynaecologist and medical superintendent of Igegania level 4 hospital Secretary to the board of directors</p>

4. Management Team

1.	<p>Dr. Namarome Wekesa Medical Superintendent MBCHB, MMED (obsgyn)</p> 	<ul style="list-style-type: none"> • Maintains standard of medical care and provide leadership • Implementing and monitoring procedures, policies and performances standards for medical, nursing, technical and administrative staff. • Directing, supervising and evaluating the work activities of all medical personnel. • Plan, organize, direct, control and coordinate medical programs and clinical services in the assigned clinics.
2.	<p>Tabitha Kinuthia Nursing Services Manager KRCHN/BSN/ MSCN ongoing</p> 	<ul style="list-style-type: none"> • Promoting and protecting patient health and safety • reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care
3.	<p>Shiriaca Muthee Accountant Bachelor in Economics, CPA-K</p> 	<ul style="list-style-type: none"> • Reviewing the hospital's financial records to ensure compliance with laws and regulations • Preparing journal entries to record transactions in the general ledger • Assisting with audits of the hospital's financial statements to ensure compliance • Reconcile accounts payable and accounts receivable to ensure that all incoming and outgoing funds are accounted for properly

<p>Elizabeth Muinde Senior Supply chain Management Officer (SCMO) Bachelor of business management (purchasing and supply management), KISM</p> 	<p>requirements and ethical standards, re- lating to procurement of goods, ser- vices and works</p> <ul style="list-style-type: none">• Maintain a catalogue of items identi- fied for disposal,• Prepare purchase orders and ensuring timely delivery of services,• Co-ordinate storage of goods and equipment• Ensure proper stock control and in- ventory management
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5. Management Discussion and Analysis

Clinical/operational performance

- The total bed capacity of the hospital was 80
- Overall Patient Attendance. (Source KHIS)

Department	Workload quarter 2	Workload quarter 3
General outpatient	5544	10511
Eye clinic	411	562
Comprehensive care	613	777
Psychiatry clinic	156	150
Physiotherapy clinic	0	96
Paediatrics clinic	109	137
Obstetrics clinic	154	211
Nutrition clinic	613	572
Maternal child health clinic	3584	3940
Dental clinic	248	252
Admissions	337	159
Total deliveries	246	248
Still births	4	3
Inpatient deaths	10	18
Prescriptions issued at Pharmacy	6779	15827
Lab tests done	5492	8650
Ultrasounds done	0	106
Palliative care	52	63

Majority of our admissions are maternity thus pointing to the need for revamping of our maternity unit to accommodate the increasing number of deliveries. The workload had increased although the doctors and subsequently the clinical officers' strike had just begun. This had led to referral of patients to private hospitals. Despite this our revenue was not greatly affected due to the RRI in revenue collection during the

quarter. This exercise pointed to the potential of generating more revenue with improvement of service delivery and engagement of the public in the services provided. The general inpatient wards consist mainly of paediatrics and elderly patients with chronic non communicable diseases and terminal illness. This puts more emphasis on the need for enhancing our radiology, laboratory service and palliative care unit. Staff shortage is a major hindrance to provision of services particularly nursing staff for maternity, outpatient triage and 24 hour covering of NBU. More doctors are required as well, to provide full 24 hour coverage across all the departments

Successes

1. NHIF approval of specialty services such as cataract surgeries
2. Complete payment of KEMSA pending bill of ksh 1,183,471 which has now allowed resumption of re-engagement in procurement of small equipment and hospital linen, which is economical.
3. Introduction of ENT services, with the receiving of a new officer
4. Commencement of palliative care services to our clients
5. Resumption of ultrasound services after receiving a new officer

Challenges

1. NBU needs upgrading with more equipment to support premature babies who need breathing support. This involves purchase of CPAP machines and paediatric monitor.
2. Lack of proper trauma care and low utilisation of inpatient services
These have been caused by
 - Lack of a functional X ray machine
 - Lack of plaster technician and occupational therapistThere is need to establish a trauma care unit to cater for casualties of road traffic accidents that are prevalent in the region
3. Lack of equipment for supporting surgical management of ENT patients
4. Lack of space and furniture to offer clinical services efficiently
5. Revamped county revenue collection system (RRI on revenue collection) has made some clients shy away from seeking services due to our strict revenue collection policy and no waiver policy. Although this has been overcome by enrolling patients to Kiambu county UHC/ Wamatangi Care Program
6. Poor sanitation and waste management
 - a) There is inadequate sewage facility to handle the effluent from the existing building with the septic tanks currently almost filled and occasioned with blockage of sewers
 - b) There is poor medical waste management as there is no incinerator. The solid waste is first stored then transported far for offsite incineration, posing a hazard to patients, staff and neighbouring community
7. Inconsistent power supply. The hospital has no dedicated transformer. The power outages force the hospital to frequently use the generator which increases fuel and maintenance costs
8. Lack of a fully equipped dental unit including dental chair and scaler

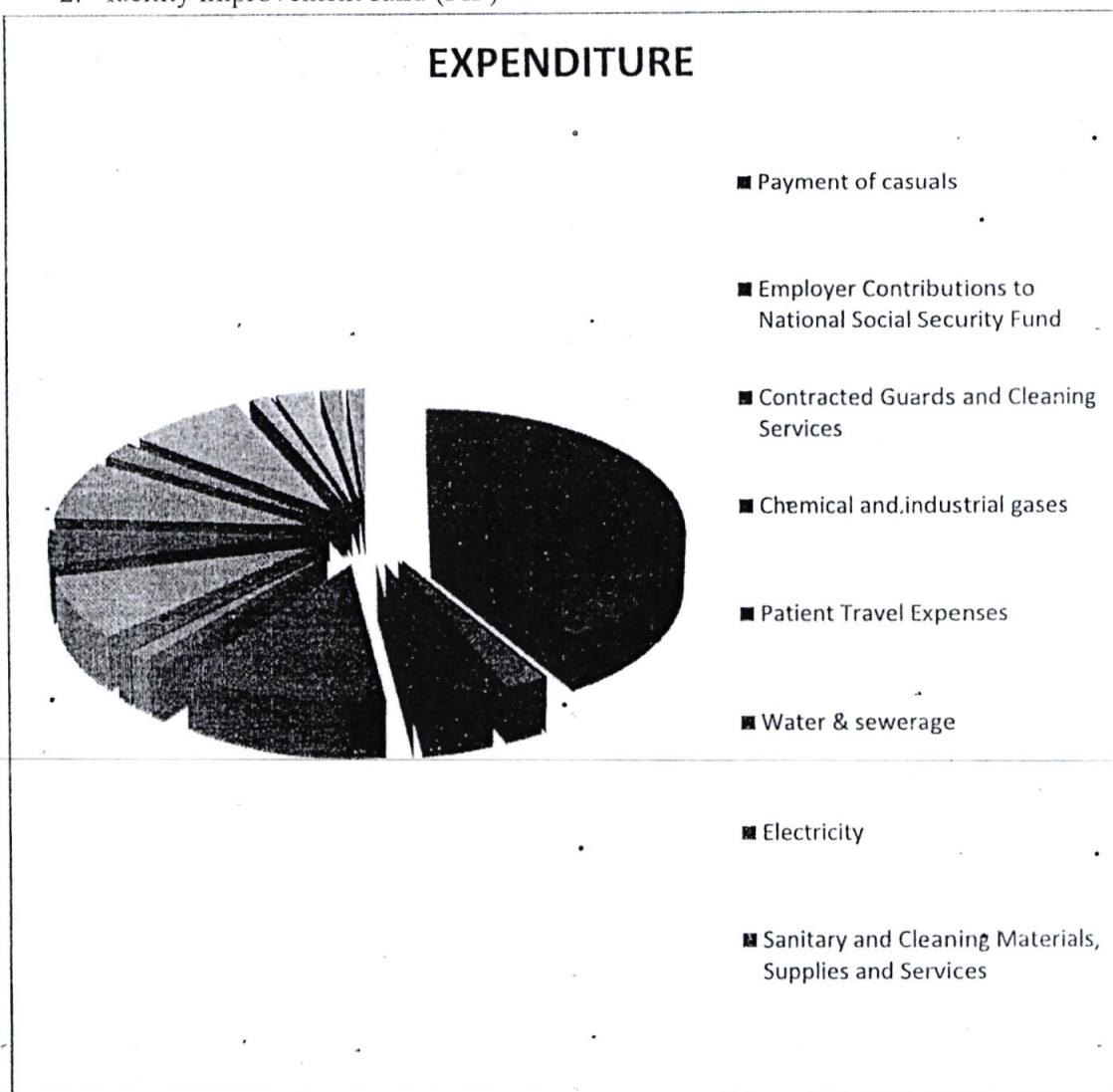
Sponsorships and partnerships

- a) Christian Blind Mission (CBM). An international Christian development organization, committed to improving the quality of life of persons with disabilities in the poorest countries of the world. Based on its Christian values, it addresses poverty as a cause, and a consequence, of disability, and works in partnership to create a society for all.

- They support the eye department in screening and treatment of eye related conditions
- b) LVCT Health -**Dhibiti** project to support the implementation of Sustainable, Comprehensive, High-Quality HIV Prevention and Treatment Programs in Kiambu. LVCT Dhibiti Project is a five-year project funded by the President’s Emergency Plan for AIDS Relief (PEPFAR) through the Centres for Disease Control and Prevention (CDC in Kenya). They have collaborated with Elizabeth Glaser Pediatric AIDS Foundation (EGPAF), to provide quality HIV services
 - c) KEHPCA- National Association representing and supporting Hospices and Palliative Care providers in Kenya.

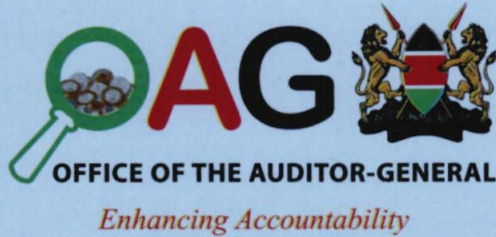
Financial performance that includes

- Sources of revenue –
 1. county government of Kiambu
 2. facility improvement fund (FIF)



6. Statement of Board of Management’s Responsibilities

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 IGEGANIA LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Igegania Level 4 Hospital – County Government of Kiambu set out on pages 12 to 37, which comprise of the

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

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 have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Igeganja Level 4 Hospital – County Government of Kiambu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kiambu County Health Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Accuracy of the Financial Statements

Review of the financial statements submitted for audit revealed the following inconsistencies;

- i. The financial statements reflects comparative balances which are at variance with balances reflected in the 2022/2023 financial statements as detailed below;

Rendering of Services - Medical Service Income	2022/2023 Financial Statements (Kshs.)	Financial Statements (Kshs.)	Variance (Kshs.)
Reproductive Health (LINDA MAMA)	5,543,950	Not indicated	5,543,950
Other Medical Services Income	19,831,221	Not indicated	19,831,221

- ii. The comparative balances in Note 6 to the financial statements had been omitted.
- iii. The numbering of the notes to the financial statements is not consistent.

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

2. Unaccounted for Expenditure

Review of supporting schedules provided for audit revealed the following anomalies;

- i. The purchase of software of Kshs.500,000 was not included under intangible assets nor in the financial statements.

- ii. The statement of financial performance reflects an amount of Kshs.2,927,928 in respect to repairs and maintenance as disclosed in Note 12 to the financial statements. Review of supporting schedules revealed that civil works of Kshs.902,317 was included in water and sewerage costs, but the amount was omitted in the financial statements.
- iii. The statement of financial performance reflects an amount of Kshs.2,927,928 in respect to repairs and maintenance as disclosed in Note 12 to the financial statements. Review of supporting schedules provided for audit revealed that, repair and maintenance of anaesthesia machine of Kshs.185,000 was not included, therefore, the value was not disclosed in the financial statements.
- iv. The statement of financial performance reflects medical/clinical costs amount of Kshs.9,877,340 as disclosed in Note 7 to the financial statements out of which Kshs.4,148,480 relates to pharmaceutical supplies. However, the expenditure was not supported with any documentation. In circumstances, the completeness and accuracy of expenditure totalling Kshs.4,148,480 could not be confirmed.
- v. The statement of financial performance reflects rendering of services – medical services income amount of Kshs.21,858,787 which was generated from services rendered to patients including claims and capitation from National Health Insurance Fund. However, the revenue was not supported with revenue billing reports indicating the revenue generated from each patient.

In the circumstances, the accuracy and completeness of the revenue amount could not be confirmed.

3. Unsupported Account Balances

Review of financial statements and supporting schedules revealed the following anomalies;

- i. The statement of financial position reflects trade and other payables balance of Kshs.10,394,427 as disclosed in Note 18 to the financial statements. The balance includes outstanding transactions dating back to previous financial years. Further, the supporting documents for the balance of Kshs.10,394,427 was not provided for audit.
- ii. The statement of financial performance reflects general expenses amount of Kshs.2,927,928 as disclosed in Note 12 to the financial statements. However, the supporting payment vouchers were not provided for audit. In the circumstances, the accuracy, validity and completeness of expenditure totalling to Kshs.2,927,928 could not be confirmed.
- iii. The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,588,582 which could not be confirmed since the supporting documents were not provided for audit review, due to the change in the NHIF System of which Management did not recover the receivables data. In the

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

- iv. The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.9,910,027 from the Kiambu County Government. However, the amount was not supported with commitment documents from the County.

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

4. Failure to Conduct Annual Stock Take

The statement of financial position reflects inventories balance of Kshs.6,773,821. During the year under review, the Hospital received food items, pharmaceuticals, lab supplies, stationery and non-pharmaceuticals amounting to Kshs.3,513,850. However, the stock balance was not supported with an annual stock take to confirm the closing values of the inventories as at 30 June, 2024. Further, the inventories were valued at cost contrary to Paragraph 15 and 16 of IPSAS 12 which requires inventories to be measured at the lower of cost or net realizable value.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.6,773,821 could not be confirmed.

5. Failure to Value Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,323,075. However, physical inspection revealed that the Hospital has various assets such as land, buildings, motor vehicle, ICT equipment, furniture, fittings and office equipment and medical equipment but no value was attached to them. Further, the Hospital did not have an updated asset register indicating asset name, tag number and asset location.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.3,323,075 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in

the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in use of Public Resources. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

The Management is responsible for the other information set out on page 2 to 11 which comprise of Key Constituency Information and Management, NGCDF Chairman's Report, Statement of Performance against Predetermined Objectives, Governance Statement, Environmental and Sustainability Reporting and Statement of Managements Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the Igegania Level 4 Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Budget

The Hospital did not have an approved budget during the year and did not submit work plans for audit in respect to the financial year under review. In the absence of an approved

budget and work plans, the effectiveness of the activities of the Hospital as a tool for achieving the organizational goals on service delivery could not be confirmed. This was contrary to Section 149(2)(g) and (h) of the Public Finance Management Act, 2012 which states that an accounting officer with the entity concerned shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government and prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan.

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

2. Irregularities on Board Management Expenses

The statement of financial performance reflects board of management expenses amount of Kshs.21,000. However, the following anomalies were noted;

- i. The Board operated without an approved ALMANAC and Annual Board Work Plan. This was contrary to Chapter 1(1.9) of the Mwongozo Code of Governance which requires Board Members to have an annual work plan to guide their activities.
- ii. The Board of Igegia Level 4 Hospital comprised of three (3) members only in the year under review contrary to the Hospitals Board Act, 2021 on Level 4 and 5 Hospital Boards whereby the Board should comprise of six (6) members.
- iii. The payment vouchers to support the Board expenses were not provided for audit. Further, the calendar of meetings was not provided.
- iv. The attendance register and the minutes to support the payment of sitting and lunch allowances dated 15 May, 2023 amounting to Kshs.10,500 were not provided.
- v. The Board of Igegia Level 4 Hospital only had two (2) meetings in the year under review contrary to the Mwongozo Code of Governance for State Corporations which states that Board Meetings will be held at least four (4) times a year and not more than 4 months shall elapse between the date of one meeting and the date of the next meeting.

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

3. Unconfirmed Dispensing of Drugs to Patients

The statement of financial position reflects inventories balance of Kshs.6,773,821 as disclosed in Note 16 to the financial statements. Review of the Hospital system indicates a patient first register at a registration counter after which examination and diagnostic tests are done and drugs are prescribed to be dispensed at the outpatient pharmacy at a fee. However, there was no evidence to show how drugs issued were dispensed to specific patients based on doctor's prescription.

Further medical commodities were issued from the store to the laboratory, maternity ward and comprehensive care clinic but were not supported with utilization reports. This was contrary to Regulation 132(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer of a county government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

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

4. Payment to Employees for Hours not on Duty

The statement of financial performance reflects employee costs amount of Kshs.145,153,173 as disclosed in Note 8 to the financial statements. However, review of the Hospital work schedule from 22 January, 2024 to 18 February, 2024 indicated that the doctors should have worked for twenty (20) days. However, a sample of two doctors attached to the Hospital worked for 10 days despite being fulltime employees. Further, the actual hours worked by these doctors were not indicated on the work schedule. This was contrary to Article V(A) of the Collective Bargaining Agreement between the County Government of Kiambu and the Kenya Medical Practitioners, Pharmacists and Dentists Union which requires doctors to work for forty (40) hours a week.

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

5. Shortage of Healthcare Workers and Unavailable Services

The statement of financial performance reflects employee costs of Kshs.145,153,173. According to Kenya Quality Model for Health Checklist, a level 4 hospital is required to have sixteen (16) Medical Officers, two (2) Anesthesiologists, two (2) General Surgeons, two (2) Gynecologists, two (2) Pediatricians, two (2) Radiologists, and seventy-five (75) Kenya Registered Community Health Nurses, alongside other essential professions. However, the Hospital only has forty-five (45) healthcare workers as detailed below;

Grades	Level 4 Standard	Number in Hospital
Medical officers	16	3
Anesthesiologist (anaesthetist)	2	0
General surgeons	2	0
Gynecologists	2	2
Pediatrics	2	1
Radiologists(radiographer)	2	0
Kenya Registered Community Health nurses	75	39
Total	101	45

In addition, the Hospital had the following facility status as compared to expected standards:

Services Offered	Requirement for Level 4 Hospitals	Number and Available Services in the Hospital
Surgical,	Should be in place	No
Pediatric	Should be in place	Yes
Gynecological	Should be in place	Yes
In-patients,	Should be in place	Yes
Radiology	Should be in place	Yes
Renal dialysis,	Should be in place	No
Tuberculosis management	Should be in place	Yes
Mortuary and autopsy services.	Should be in place	No
Advanced life support	Should be in place	No
Caesarian sections and surgical operations	Should be in place	Yes
Laboratory services of Lab class D	Should be in place	Yes
Beds	150	57
Hospital land	5 acres	Not provided
Resuscitaire (2 in labour ward and one in theatre)	3	2
New Born Unit – Incubators and five (5) cots	5	4
New Born Unit cots	5	3
Functional intensive care unit – Beds	6	0
High dependency Unit – Beds	6	0
Renal unit with at least 5 dialysis machines	5	0
Two functional operating theaters Maternity and general	2	1

In the circumstances, the Management was in breach of the law and the highest standards of health services delivery as envisaged in the Constitution of Kenya may not be realized.

6. Unsupported Casuals Payments

Review of personnel records revealed that the Hospital incurred an expenditure totaling Kshs.2,879,033 on hire of casuals. However, details of how the casuals were identified and recruited were not provided for audit review. Further, the relevant supporting documents including master roll, approved payment rates, and advertisement for posts were not provided for audit review. This was contrary to Section 104(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipts, payment vouchers and appropriate authority and documentation.

In addition, examination of records provided for audit revealed that the Hospital hired fourteen (14) casuals for more than three months during the year under review. The

casuals were engaged for more than three months contrary to Section 37 of the Employment Act, 2007.

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

7. Medical Waste Disposal

The statement of financial performance reflects medical/clinical costs amount of Kshs.9,877,340. Physical verification revealed that the Hospital does not have an incinerator for waste disposal neither had it adopted a burn and bury method of disposal. As a result, medical waste had to lie undisposed in the Hospital for a period of between one (1) and two (2) months before it is assembled and transported to other public health facilities for disposal. This was contrary to Regulation 6 of the Environmental Management and Co-ordination (Waste Management Regulations), 2006 which states that 'A waste generator shall segregate waste by separating hazardous waste from non-hazardous waste and shall dispose of such wastes in such facility as shall be provided by the relevant local authority.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the year under review, the Hospital had not constituted an audit committee and an internal audit unit as required.

In the circumstances, the Hospital did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.3,323,075 as disclosed in Note 17 to the financial statements. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

3. Weaknesses in Drugs Management

The statement of financial position reflects inventories balance of Kshs.6,773,821 as disclosed in Note 16 to the financial statements. However, the stock cards used to issue the products to various departments in the Hospital did not indicate the batch numbers and the expiry dates. It was therefore not possible to establish whether the issuance of the products followed the principal of First Expiry First Out (FEFO). In addition, there were no policy guidelines on the required reorder levels hence not possible to confirm whether commodities were procured within the required stock levels. This resulted to frequent stock outs of medical products at the Hospital which significantly affected the life of patients. This was contrary to the Ministry of Health Guidelines on Management of Health Products and Technologies, 2020 which require medical products to be issued from the store through the principle of First Expiry First Out (FEFO).

In the circumstances, the effectiveness of internal controls in place to safeguard the drugs from loss, misuse or theft could not be confirmed.

4. Weak Controls in Inventories

The statement of financial position reflects inventories balance of Kshs.6,773,821 as disclosed in Note 16 to the financial statements. Review of the records maintained at the facility revealed that the storage area for pharmaceuticals and non-pharmaceuticals was adequate with the supplies well-arranged and with bin cards to control the receipt and issues of the supplies. However, expired drugs of undetermined value at the Facility could not be confirmed as they were dumped in a space within the stalled building in the Facility's compound. This was contrary to Regulation 132(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that accounting officer of a County Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

In the circumstances, the effectiveness of internal controls in place to safeguard the inventories from loss, misuse or theft could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Section 164 of the Public Finance Management Act, 2012 requires and Kiambu county health act 2019 requires the Board of Management to prepare financial statements in respect of that which give a true and fair view of the state of affairs of Igegania Hospital at the end of the financial period 30th June 2024 and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy its financial position. The board members are also responsible for safeguarding the assets of the hospital

The Board of Management is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial period ended on June 30th, 2024. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the hospital
- (v) selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

Nothing has come to the attention of the Board of management to indicate that the hospital 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 4th September 2024 and signed on its behalf by:



Name: Prof. Njenga Munene
Chairperson
Board of Management



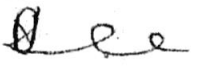
Name: Dr. Angela Wekesa
Accounting Officer


Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


7. Statement of Financial Performance for the period Ended 30th June 2024

Description			
Revenue from non-exchange transactions			
In- kind contributions from the County Government	5	144,121,751	154,173,767
Revenue from exchange transactions			
Rendering of services- Medical Service Income	6	21,858,787	25,375,171
Revenue from exchange transactions			
Total revenue		165,980,538	179,548,938
Expenses			
Medical/Clinical costs	7	9,877,340	22,773,065
Employee costs	8	145,153,173	145,076,215
Transfer to county	9	1,910,146	1,968,437
Board of Management Expenses	10	21,000	28,500
Repairs and maintenance	11	2,748,030	1,635,620
General expenses	12	2,927,928	3,390,019
other payments			902,317
Total expenses		162,637,617	175,774,173
Other gains/(losses)			
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus for the year		3,342,921	3,774,765
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity		3,342,921	3,774,765

The Hospital's financial statements were approved by the Board 4th september 2024 and signed on its behalf by


Prof: Njenga Munene
 Chairman
 Board of Management

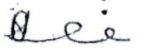

S. Muthee
 Head of Finance
 ICPAK No:30915



Dr. Angela Wekesa
 Medical Superintendent


8. Statement of Financial Position as At 30th June 2024

Assets			
Current assets			
Cash and cash equivalents	13	1,415,392	4,813,855
Receivables from exchange transactions	14	2,588,582	3,287,500
Receivables from non-exchange transactions	15	9,910,027	9,910,027
Inventories	16	6,773,821	2,332,067
Total Current Assets		20,687,822	20,343,449
Non-current assets			
Property, plant, and equipment	17	3,323,075	3,323,075
Intangible assets			
Total Non-current Assets		3,323,075	3,323,075
Total assets		24,010,897	23,666,524
Liabilities			
Current liabilities			
Trade and other payables	18	10,394,427	13,392,975
Total Current Liabilities		10,394,427	13,392,975
Non-current liabilities			
Total Non-current liabilities			
Total Liabilities		10,394,427	13,392,975
Net assets			
Revaluation reserve			
Accumulated surplus/Deficit		13,616,470	10,273,549
Capital Fund			
Total Net Assets and Liabilities		24,010,897	23,666,524

The Hospital's financial statements were approved by the Board on 4th september 2024 and signed on its behalf by:


Prof: Njenga Munene
Chairman
Board of Management


S. Muthee
Head of Finance
ICPAK No: 30915


Dr. Angela Wekesa
Medical Superintendent

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

At July 1, 2022	0	0	0	
Revaluation gain	0	-	-	
Surplus/(deficit) for the year	-		-	
Capital/Development grants	-		0	
At June 30, 2023	0	10,273,549	0	10,273,549
a				0
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	3,342,921	-	3,342,921
Capital/Development grants	-			
At June 30, 2024		13,616,470		13,616,470

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

			PERIOD 30 th June 2023
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		21,167,541	23,406,729
Other Receipts		33,070	
Total Receipts		21,200,611	23,406,729
Payments			
Medical/Clinical costs		9,625,052	8,927,290
Employee costs		2,879,033	3,460,661
Board of Management Expenses		21,000	28,500
Repairs and maintenance		2,933,030	1,354,340
other payments		902,317	
transfer to county		4,810,714	884,465
General expenses		2,927,928	2,901,759
Total Payments		24,099,074	17,557,015
Net cash flows from operating activities		-2,898,463	5,849,714
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			-1986846
Purchase of intangible assets		-500,000	
Net cash flows used in investing activities		-500,000	-1986846
Cash flows from financing activities			
Net cash flows used in financing activities		0	
Net increase/(decrease) in cash and cash equivalents		-3,398,463	3862868
Cash and cash equivalents at 1 July 2023	12	4,813,855	950,987
Cash and cash equivalents at 30 June 2024	12	1,415,392	4,813,855

11. Statement of Comparison of Budget and Actual Amounts for period Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual Cumulative	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	F=d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
Revenue						
In-kind contributions from the County Government	144,121,751		144,121,751	144,121,751		0.8
Rendering of services- Medical Service Income	27,690,040		27,690,040	21,858,787	5,831,253	1.0
Total income	27,690,040		171,811,791	165,980,538	5,831,253	
					-	
Expenses						
Medical/Clinical costs	9,859,640		9,859,640	9,877,340	(17,700)	1.0
Employee costs	145,746,059		145,746,059	145,153,173	592,886	1.0
Transfer to county				1,910,146		
Remuneration of directors	450,000		450,000	21,000	429,000	
Repairs and maintenance	1,814,509		1,814,509	2,748,030	(933,521)	1.5
General expenses	3,165,634		3,165,634	2,927,928	237,706	0.9
Total expenditure						1.0

Igegania level 4 Hospital (kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

	161,035,842		161,035,842	162,637,617	(1,601,775)	
	3,850,000				-	
Surplus for the period		-		3,342,921		

12. Notes to the Financial Statements

1. General Information

Igegania level 4 hospital is established by and derives its authority and accountability from Kiambu health Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The hospital's principal activity is to provide quality healthcare the citizens of Gatundu North and its environs

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6-19 the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and Kiambu county health act 2019 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 23/24 was approved by Board on 5th may 23. 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. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 25-47 under section 3 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. 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 be-

tween the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit

Notes to the Financial Statements (Continued)

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. 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.

g. Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential

Notes to the Financial Statements (Continued)

- 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.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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.

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)

h. 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.

i. 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.

j. 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.

Notes to the Financial Statements (Continued)

k. 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.

l. 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.

m. 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.

n. Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

o. 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.

p. 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.

q. Related parties

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

r. Cash and cash equivalents

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

s. Comparative figures

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

t. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements

5. In Kind Contributions from The County Government

		Period ended June 2023
Salaries and wages	142,274,140	142,274,140
Pharmaceutical and Non-Pharmaceutical Supplies	1,847,611	11,899,627
Medical supplies-Drawings Rights (KEMSA)		
Utility bills	-	-
Total grants in kind	144,121,751	154,173,767

6. Rendering of Services-Medical Service Income

		Period ended June 2023
Pharmaceuticals		
Non-Pharmaceuticals		
Laboratory		
Radiology		
Orthopedic and Trauma Technology		
Theatre		
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service		
Cancer centre service		
Dental services		
Reproductive health (LINDA MAMA)		
Paediatrics services		
Farewell home services		
Other medical services income		
Total revenue from the rendering of services	21,858,787	18,799,510

7. Medical/ Clinical Costs

Description		
Dental costs/ materials		
Laboratory chemicals and reagents	1,684,111	1,671,015
Public health activities		
Food and Ration	1,070,112	1,433,402
Uniform, clothing, and linen	75,075	
Dressing and Non-Pharmaceuticals	1,793,651	3,010,100
Pharmaceutical supplies	4,148,480	15,185,896
Health information stationery (printing)	517,100	636,430
Reproductive health materials		
Sanitary and cleansing Materials	203,504	207,748
Purchase of Medical gases	180,320	349,928
X-Ray/Radiology supplies		
Other medical related clinical costs (instruments)	204,987	278,546
	9,877,340	22,773,065

8. Employee Costs

Description		
Salaries, wages, and allowances	142,274,140	142,274,140
Other employee costs (<i>CASUALS</i>)	2,879,033	2,802,075
Employee costs	145,153,173	2,802,075

9. Board of Management Expenses

Description	Period ending	
Sitting allowance	21,000	28,500
Total	21,000	28,500

10. Repairs And Maintenance

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Property- Buildings	2,388,030	858,040
Medical equipment	360,000	390,400
Motor vehicle expenses	-	387,180
	2,748,030	1,635,620

11. General Expenses

Description	Period ended June 2024	Period ended June 2023
Conferences and delegations		60,000
Contracted services	740,793	759,500
Electricity expenses	1,401,910	1,507,039
Printing and stationery (G.O.S)	401,720	527,410
Water and sewerage costs	140,750	295,760
bank charges	20,755	50,310
other fuel & cooking gas	42,000	145,000
airtime	180,000	45,000
Total General Expenses	2,927,928	3,390,019

12. Cash And Cash Equivalents

Description	Period ended 30th June 2024	Period ended 30th June 2023
Current accounts	1,415,392	4,813,855
Total cash and cash equivalents	1,415,392	4,813,855

(b). Detailed Analysis of Cash and Cash Equivalents

Description	Account number	Period ended 30th June 2024	Period ended 30th June 2023
a) Current account			
Kenya Commercial bank	1256178829	3,000	3,400
family bank	001000053775	30,070	37,170
CO OPERATIVE bank	01141558217300	1,382,322	4,773,285
Sub- total			
Grand total		1,415,392	4,813,855

13. Receivables From Exchange Transactions

Description	Period ended 30th June 2024	Period ended 30th June 2023
Medical services receivables	2,588,582	3,462,200
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	2,588,582	3,462,200

14. Receivables from Non-Exchange Transactions

Description	Period ended 30th June 2024	Period ended 30th June 2023
Transfers from the County Government	9,910,027	9,910,027
Undisbursed donor funds	-	
Other debtors (non-exchange transactions)	-	

Igegania level 4 Hospital (Kiambu County Government)
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Less: impairment allowance	-	
Total	9,910,027	9,910,027

15. Inventories

Description	Period ended 30th June 2024	Period ended June 2023
		KShs
Pharmaceutical supplies	4,345,904	2,188,644
Food supplies	172,916	16283
Non-Pharmaceutical supplies	1,066,325	
Cleaning materials supplies	-	
lab supplies	792,016	
stationary	396,660	127,140
GOS		
Total	6,773,821.05	2,332,067

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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical	Capital	Total
						equipment	Work in progress	
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2022								
Additions						787,075		787,075
Disposals								
Transfers/adjustments								
At 30 th June 2023						787,075		
							-	787,075
At 1 st July 2023						787,075	-	787,075
Additions					1,786,000	750,000		2,536,000
Disposals								
Transfers/adjustments								
At 30 th June 2024					1,786,000	1,537,075	-	3,323,075

Notes to the Financial Statements (Continued)

17. Trade and other Payables

Description	Period ended 30th June 2024	Period ended June 2023
Trade payables	10,394,427	13,392,975
Employee dues	-	
Third-party payments (<i>unremitted payroll deductions</i>)		
Total trade and other payables	10,394,427	13,392,975

Analysis of payables

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	-	0	3,747,769	%
1-2 years	2,345,452		387,180	%
2-3 years	387,180			%
Over 3 years	7,661,795		9,258,026	%
Total	10,394,427		13,392,975	%

18. Financial Risk Management

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

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

(i) Credit risk

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 2016. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated:

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

iv) Capital Risk Management

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

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Notes to the Financial Statements (Continued)

19. Related Party Balances

Nature of related party relationships

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

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

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

20. Events after the Reporting Period

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

21. Ultimate and Holding Entity

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

22. Currency

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

13. 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

[Redacted Table Header]				

Igegania level 4 Hospital (Kiambu County Government)
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Appendix ii: Projects Implemented by The Entity

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

Project	Approved	Capital expenditure	Completed up to	Incurred	ACAD
1					
2					
3					

Appendix iii: Inter-Entity Confirmation Letter

Name of Transferring entity...KIAMBU HEALTH FUND

Name of Beneficiary entity. IGEGANIA LEVEL 4 HOSPITAL


Financial Statements for the period ended 30th June 2024								
Reference Number	Date Disbursed	Amounts Disbursed by [kiambu healthFund] (KShs) as at 30th June 2024				Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
		1,116,900			1,116,900	1,116,900	-	
	july	102,000			102,000	102,000	-	

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	25/9/2023	8,222,463			8,222,463	8,222,463	
	12/1/2024	3,729,302			3,729,302	3,729,302	
	19-4-2024	4,568,694			4,568,694	4,568,694	
	15-6-2024	3,428,182			3,428,182	3,428,182	
Total		21,167,541			21,167,541		21,167,541

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

Head of Accounts Department of the beneficiary entity:

Name Shiriacah Muthie..... Sign ..... Date 23/12/2024