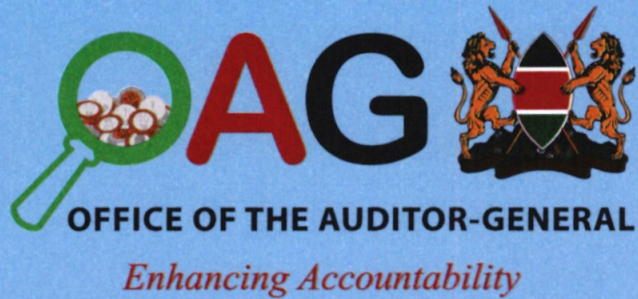


REPUBLIC OF KENYA



REPORT

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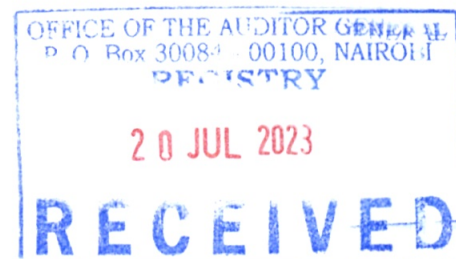
THE AUDITOR-GENERAL

ON

**MT. KENYA SUB-COUNTY
LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NYERI



Mt. Kenya Sub County Level 4 Hospital

Nyeri County Government

Annual Report and Financial Statements

For the Year Ended 30th June 2022

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

Mt. Kenya Sub-County Hospital (Level 4)

Nyeri County Government

Annual Report and Financial Statements for the Year Ended 30th June 2022

Mt. Kenya Sub-County Hospital (Level 4)
Nyeri County Government
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I. Mt. Kenya Sub County Hospital Key Information and Management

(a) Background information

Mt. Kenya Sub County Hospital is located along Nyeri-Kamakwa road, 1 km from Nyeri town with the nearest public health facilities being Nyeri Provincial hospital and Nyeri Town Health centre at 3km and 1.5km respectively. It has as a catchment population of approximately 12,220 and has a bed capacity of 31 and there is an additional 40 bed capacity ward that is almost complete.

The hospital was started in 1947 as institution to serve the White Settlers living within the Mt Kenya region. It strictly offered inpatient services for the settlers. After independence in 1963, the facility continued to offer health services as an Annex of Nyeri Provincial hospital (private wing). The situation remained the same until the year 2002 when the management rehabilitated some buildings and provided space to start offering out-patient services.

Currently, the hospital offers the following services:

- i. Out-patient services.
- ii. In-patient services.
- iii. Maternity services.
- iv. Theatre services- have not been operational since 2019-2020 but plans are underway to functionalize it.
- v. Comprehensive Care Clinic services.
- vi. MCH/FP services.
- vii. Laboratory services.
- viii. Rehabilitative services.

The hospital has an annual workload of 10,379 from 7,522 in the previous year. Inpatient numbers also increased to 444 from 311 in the previous year.

Since the onset of COVID pandemic (March 2020) the hospital has been operating as the isolation centre for the county; serving residents of the county and from the surrounding counties. For about 3 months (March 2022 to June 2022) the isolation ward reverted to a general ward but resumed the isolation status until early September 2022.

It offers services to clients mainly from Nyeri Central Sub County but also from other areas. Some of these services include general outpatient consultation services, MCH/FP services including cervical cancer screening, Comprehensive Care Centre in which TB treatment services are domiciled, nutrition, clinical and psychological counselling, medical social work, physiotherapy, dental services, medical laboratory, specialized outpatient clinics (MOPC and DOPC), pharmacy and casualty (accident and emergency) Services.

The hospital also takes part in training of healthcare professionals by offering attachment services to students from various tertiary institutions such as KMTC, Nyeri National Polytechnic, Outspan Medical College, Jomo Kenyatta University of Science and Technology among others.

Other units that work closely with the hospital and are also hosted within the hospital include the regional blood transfusion satellite, sub county MOH offices, Drop-in Centre (DICE) and Centre for Health Solutions (CHS).

The hospital is governed by a Board of Management whose members are nominated by CECM Health and appointed by the Governor in accordance with the Nyeri Health Services Act 2015.

(b) Principal Activities

The facility shares in the Nyeri County department of health vision, mission and core values which are as follows:

Vision—To establish an efficient and high-quality health care system that is accessible, equitable and affordable for all.

Mission- To promote and provide quality integrated preventive, promotive, curative, rehabilitative and palliative services to all Nyeri county residents.

Core Values: - Patriotism, Professionalism, Inclusivity, Teamwork, Integrity and Accountability

There are ongoing plans to elevate the facility into an amenity hospital for the county of Nyeri.

(c) Key Management

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

- County department of health (CECM Health, Chief Officer Health, County Director of Medical Services).
- Board of Management.
- Accounting Officer/ Medical Superintendent-In charge of day to day running of the facility on behalf of the board of management and the county department of health.
- Hospital Management Committee.
- Executive Expenditure Committee- Key role include preparing quarterly budget.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Charles Muthua Ndirangu
2.	Hospital Administrative Officer	Mr. Raphael Muhuhu
3.	Nursing Manager	Ms. Theresa Wathuti Wachira
4.	Accountant	Mr. Shaban M. Kibiru
5.	Supply Chain Management Officer	Ms. Catherine Njeri Mwai

(e) Fiduciary Oversight Arrangements

The overall oversight responsibility of the facility lies with the Hospital Board of Management and its sub-committees which are:

Finance & Audit sub-committee and the Medical sub-committee.

Others like the County Assembly, County Department of Health and Ministry of Health also exercises their oversight roles to the hospital. This oversight role is exercised through regular supervisions, monthly and quarterly reports among others.

(f) Mt. Kenya Hospital Headquarters

P.O. Box 201.

Nyeri.

Nyeri-Kamakwa Road.

- (g) Mt. Kenya Hospital Contacts**
Telephone: (+254) 722 270 955
E-mail: mtkenyahospital@gmail.com
Website: N/A
- (h) Mt. Kenya Hospital Bankers**
Co-operative Bank - Nyeri Branch
Kenya Commercial Banks - Nyeri Branch
- (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**
Nyeri County Government
P.O. Box.1112,
Nyeri, Kenya.

II. The Board of Management

Ref	Directors	Details
1.	Mr. Joseph Karweru Chairman 	MSC. Economics and Social Studies (University of Wales-UK), Master's Degree in Economics and Social studies , Majoring in Population Policies and Programmes, Diploma in Integrated rural Development - Cameroon, Certificate in Integrated Family Welfare Course-CAFS-KENYA , Certificate in Health Care in Developing Countries - Boston University (USA), Certificate in Advances in Health Communication - John Hopkin's University (USA). Attended many other short courses, workshops and conferences on population/Reproductive Health, locally and overseas. Has worked with Kenya Association for Promotion of Adolescent health as MD (2001-2006), Family Life Promotion services (FLPS), Family Health Options-Kenya, GOK as Social Development Officer.
2.	Dr. Charles Ndirangu Secretary 	Bachelor of Medicine and Bachelor of Surgery - The University of Nairobi; September 2012 to December 2018. Short Courses Low Carbohydrate Diabetes Management for Health Professionals , by Afya Planet in conjunction with Kenya Diabetes Study Group; 2020. Heart Failure and Hypertension Masterclass - Daktari Africa; 2020. Basic Life Support - American Heart Association; 2019. Advanced Cardiac Life Support - American Heart Association; 2019 Emergency Maternal Obstetrics and Newborn Care - UON/Liverpool School of Tropical Medicine: 2018. Paediatric Emergency Triage Assessment and Treatment - UON: 2016
3.	Dr. Eliud Mwangi 	MBChB, Consultant Physician. Dr.Eliud is a leading consultant physician and has a wealth of experience in the health sector, having worked in the public sector for a majority of his career before transitioning into private practice.
4.	Mrs. Monica Ndegwa 	BSC. Environmental Health Sciences. Mrs. Monica is a public health advocate, and she currently works within the County Department of Health Services where she is tasked with supervising public health activities within the department.

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Ref	Directors	Details
5.	Mrs. Alice Kinuthia 	Bachelor's Degree in Business Administration (Marketing option), Diploma in Purchasing and Supply Management.
6.	Rev. Emily Kamere 	Bachelor of Education (KU), Diploma in Transformation Leadership: Pan African Christian University, an ordained church minister and graduate teacher.
7.	Mrs. Martha Mungure	Masters in Counselling Psychology (KU), Bachelor of Arts-counselling (KeMU), Diploma in Education (Kagumo Teachers' College)
8.	Mr. Benson Muriuki	MBA Finance (KeMU), CPA(K), Diploma in Cooperative Audit (Cooperative University of Kenya)
9.	Mrs. Rahab Wango'ndu 	Diploma in Applied Science(Food Processing) , worked with Nestle S.A, KMA,KBS,SGS, Nestle CT-Pack and design as a trainer and participated in audits on Food Safety Management at New KCC Kiganjo Factory and Sameer Food and Agriculture Hospital Uganda.

III. Management Team

Ref	Management	Details
1.	Dr. Charles Ndirangu 	Qualifications: Bachelor of Medicine and Bachelor of Surgery. Responsibilities: Overseeing overall operations of the hospital in service delivery, financing and implementation of activities.
2.	Mr. Raphael Muhuhu 	Qualifications: Masters in International Business Administration. BA. Economics & Sociology. Responsibilities: Overseeing administrative activities in the hospital.
3.	Ms. Teresa Wathuti Wachira 	Qualifications: Bachelor of Science in Nursing and a Diploma in KRCHN. Responsibilities: Overseeing nursing services in the hospital.
4.	Mr. Shaban M. Kibiru 	Qualifications: Bachelor of Commerce - Finance option and CPAK. Responsibilities: Overseeing financial& accounting services in the hospital.
5.	Ms. Catherine Mwai 	Qualifications: Diploma in Supply Chain Management. Responsibilities: Overseeing procurement of goods & services and ensuring safe storage of commodities in the hospital.

IV.Chairman's Statement

I take pleasure in presenting the hospital's financial statements for FY 2021/2022. The Board of management is proud of the progress made in the hospital and the trajectory it has taken especially toward a proposed new amenity status.

The hospital was operating as an isolation centre for the county. It had 31 beds for Covid-19 patients. The facility prides itself for having managed the pandemic in an exemplary manner despite the various challenges.

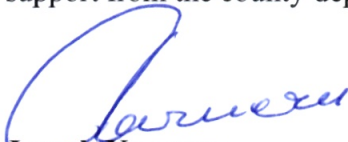
Key activities during the year include:

- Commissioning of an 80L/min oxygen PSA plant that was very instrumental in managing of the Covid-19 patients,
- Initiation of a bulk liquid oxygen plant project
- Connection of Inpatient and outpatient to piped oxygen
- Resumption of dental services
- Ongoing construction of a new ward
- Initiation of upgrading of hospital sewerage system among others.

Some of the main challenges include understaffing, lack of specialists, lack of basic services such as imaging, theatre and morgue services. This has led to lowering of rebates from NHIF which considers the facility as a level 3. This has deleterious effects on revenue collection. Being an isolation centre has also affected the facility's workload due to stigmatization and this also affects revenue collection in an adverse manner.

Future outlook:

There are ongoing plans to have an amenity facility in the hospital and there is optimism that with the COVID 19 infection rates and severity going down; coupled with good will and the existing support from the county department of health, the facility will be able to upgrade to a higher level.



Joseph Karweru

Board Chairman

Mt. Kenya Sub-County Hospital

V. Report of the Medical Superintendent

I am pleased to present 2021-2022 financial year financial statement for Mt. Kenya Sub County Hospital. The hospital is a 31-bed capacity located about 1 km from Nyeri town along Nyeri-Kamakwa road. The hospital offers services mainly to residents of Nyeri Town and Tetu Sub Counties in Nyeri County. In March 2020, at the onset of COVID 19 pandemic in the country, the facility was converted to an infectious disease unit/Isolation Centre for COVID 19. Management of COVID 19 patients remains one of the greatest milestones for Mt. Kenya Hospital despite the myriad of challenges that came with it. One of the greatest effects of the pandemic is low numbers in the ward and outpatient departments even after reverting to a general ward.

I am glad to report that the hospital offered COVID 19 management for clients not just from Nyeri County but from surrounding counties. We recognize the role played by the county department of health, the ministry of health and other partners that supported the facility in the fight.

In the FY 2021-2022, a number of projects were either initiated, commissioned or continued. An 80 litre/minute oxygen PSA plant was commissioned and this went a long way in management of patients in need of oxygen. The project was coupled with oxygen piping to the ward, OPD and the upcoming new ward. The hospital also has 9 oxygen concentrators and a good supply of oxygen cylinders to act as back up.

A joint project by KEMSA/AMREF was also began in the same year, to install a 6,000L bulk liquid oxygen plant to further cushion the facility against oxygen deficits even in the future. This makes our hospital one of the most equipped in terms of oxygen in the county and the region. The bulk liquid oxygen tank also goes a long way in helping the facility to save on electricity bills since the PSA plant has been switched off.

The dental unit had been closed at the onset of the COVID 19 pandemic and remained closed until the second half of the financial year when it was reopened. The numbers have remained low but with the hospital setting some budgetary allocation for advertisement, we are optimistic that the workload in the department will increase.

A 40-bed capacity, 1 storey ward is almost complete. Some of the rooms in the ward are self-contained which is a big boost in the county's mission to have amenity services at the Hospital. There are hope that the ward will also increase the hospital's revenue collection and efforts of facility improvement.

The hospital had an old and overstretched sewerage system with constant blockages especially in the outpatient department. The system could not hold extra load from the new ward and as a result, the county department of health began a project to upgrade the sewerage system which was began in the second half of the financial year and is now complete.

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The department of health also funded construction of a walkway from the OPD department and connecting both old and new ward. The project is almost complete and will make ferrying of patients more humane and easier.

The hospital also received about 50 new beds and patient lockers from the Nyeri department of health. This illustrates the strong will by the department to improve health services delivery to the people of Nyeri County.

As part of offering customer friendly and quality services, the outpatient department was reorganized in the financial year. The department of health refurbished some dilapidated rooms which now houses the counselling/social work and physiotherapy departments.

The facility now has an electronic health information system which has improved patient flow, data management and utilization and also aided in revenue collection.

As part of boosting the status of the hospital, match amenity status and improve on revenue collection, the hospital has begun plans to refurbish the theatre and we are optimistic and it will soon be operational.

In the same year, the facility for the first time conducted an inventory/asset stock taking which was conducted in the second half of the financial year.

In conjunction with the hospital board of management, the hospital is in the process of preparing a strategic plan.

In terms of leadership and governance, the hospital board the hospital conducts monthly HMT meetings, quarterly EEC meetings and board meetings. In the financial year, a number of committees were created and other revitalized and plans are underway to have all other committees operating. Continuous medical education remains an integral part of advancing medical knowledge. In the year, weekly CME resumed and have picked momentum.

The Nyeri County started implementation of the Nyeri Health Services Act, 2015 in the financial year which saw hospitals retain 77% of their revenue collection; 3 % going to the board that manages the fund and 20 % going to support primary health institutions in the county. Mt Kenya Sub- County Hospital collected a total of Kshs. 15,864,599 in the financial year which was impressive being the first year and the many disruptions caused by the COVID pandemic (fluctuation in patient numbers in the ward and low workload in the OPD). The facility also received Kshs. 9,000,000 from the county department of health as a non-conditional grant and in kind contributions totalling 5,085,824.

The total revenue for the year was Kshs. 33,787,468 and total expenditure of Kshs. 27,252,949 leading to a net surplus of Kshs. 6,534,519.

Challenges

Main challenges include understaffing, lack of specialists (facility only has one physician), lack of imaging and morgue services. The constant reverting back to isolation and the stigma as a Covid-19 isolation are some of the other deterrents to high patient numbers.

Future Outlook

There are plans to have an amenity facility at Mt. Kenya Sub County Hospital.



Dr. Charles Ndirangu

Medical Superintendent

Mt. Kenya Sub-County Hospital

VI. Statement of Performance Against Predetermined Objectives

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 hospital's performance against predetermined objectives.

For the financial year 2021/2022, Mt. Kenya Hospital prepared an annual work plan which set out the various strategic pillars and objectives for the financial year. However, the continuous waves of corona virus pandemic meant that the hospital had to set aside its targets and concentrate on its assigned mandate of acting as an isolation facility for patients in Nyeri County.

Nevertheless, the hospital's management is committed to efficient service delivery and will work with the Nyeri County Department of Health Services to come up with a long term strategic plan.

VII. Corporate Governance Statement

Commitment and adherence to good corporate practices is paramount in every institution's vision and so as to continue offering quality services to our clients Mt Kenya Sub County Hospital through the County department of health and the hospital board of management remains committed to ensuring compliance to statutory requirements, Code of Governance for State Corporations (Mwongozo Code 2015) among others.

The board of management is constituted as stipulated in the Nyeri County Health Services Act, 2015.

It is constituted of 9 members including the facility accounting officer/Medical Superintendent who is the secretary to the board. The hospital administrative officer and the nursing manager also sit in the committee as member's in-attendance. The constitution of the board adheres to the 2/3 gender rule and the members hail from diverse professional backgrounds such as medicine, finance, public health as well as administration.

The members of the board are nominated by the executive secretary and appointed by the Governor and have undergone an induction and training on their role and mandate in the facility. They serve for a 3-year renewable term. The current term will expire on 14th September 2022.

The board charter is stipulated in the Nyeri County Health Services Act of 2015. The act also provides guidance on conflict of interest, the process of removal of a board member from office and dissolution of a board.

Hospital management board members are remunerated as follows:

Allowance		District Hospitals (Level 4) (Kshs.)
Sitting allowance	Chairperson	4,000
	Members	2,500
Lunch (where lunch is not provided)	Chairperson and members	500

a) The attendance of board meetings for the 2021-2022 financial year is as follows:

S/No.	Board meeting held 2021-2022 FY	Members present	Absent with apology	Absent without apology
1.	5 th October 2021	8	1	0
2.	12 th January 2022	6	0	3
3.	6 th April 2022	7	0	2
4.	15 th June 2022	6	1	2

b) List of board members and the number of meetings attended.

S/No.	Name	Total No. of meetings attended FY 2021-2022 out of 4	Total No. of meetings attended FY2020-2021 out of 4	Date of appointment	Date of exit
1	Mr. Joseph Karweru	3	4	2019	19/9/2022
2	Dr. Eliud Mwangi	4	4	2019	19/9/2022
3	Mrs. Monica Ndegwa	3	1	2019	19/9/2022
4	Mrs. Alice Kinuthia	3	4	2019	19/9/2022
5	Rev. Emily Kamere	1	2	2019	19/9/2022
6	Mr. Benson Muriuki	1	3	2019	19/9/2022
7	Mrs. Rahab Wango'ndu	4	4	2019	19/9/2022
8	Mrs. Martha Mungure	4	3	2019	19/9/2022
9	Dr. Charles Ndirangu	3	-	2022	19/9/2022
10	Dr. Caroline Gituku	2	1	2021	28/02/2022
11	Dr. Grace Kaluai	-	2	2019	2021

c) Roles and functions of the board.

- i) Providing oversight over the administration of the hospital.
- ii) Promoting the development of the hospital.
- iii) Approving plans and programs for implementing county health strategies in the hospital.
- iv) Approving budget estimates before submission to the Chief Officer.
- v) Carrying any other function assigned by the executive Secretary.

VIII. Management Discussion and Analysis

The hospital has been serving as an isolation centre for COVID 19 and so all non-COVID admissions were halted. However, the outpatient department continued with operation though the workload was lower partly due to clients associating the facility with COVID 19.

Despite major challenges in human resources and other health inputs, the hospital managed to offer quality care to patients in both in and outpatient departments. This was enabled by the continued support by the county department of health, the national government and other partners.

For a few weeks in the second half of the year, the hospital opened its wards to general medical and maternity patients but had to revert to isolation status in June 2022 so as to cater for the rising numbers of COVID 19 patients in the county and surrounding region. Despite experiencing a drop-in revenue collection, the facility takes pride in being at the forefront in fighting the COVID-19 menace.

Nyeri County has continued to do well in terms of COVID vaccine coverage and the facility played a pivotal role in ensuring the county achieves its target numbers of vaccinated individuals. This was

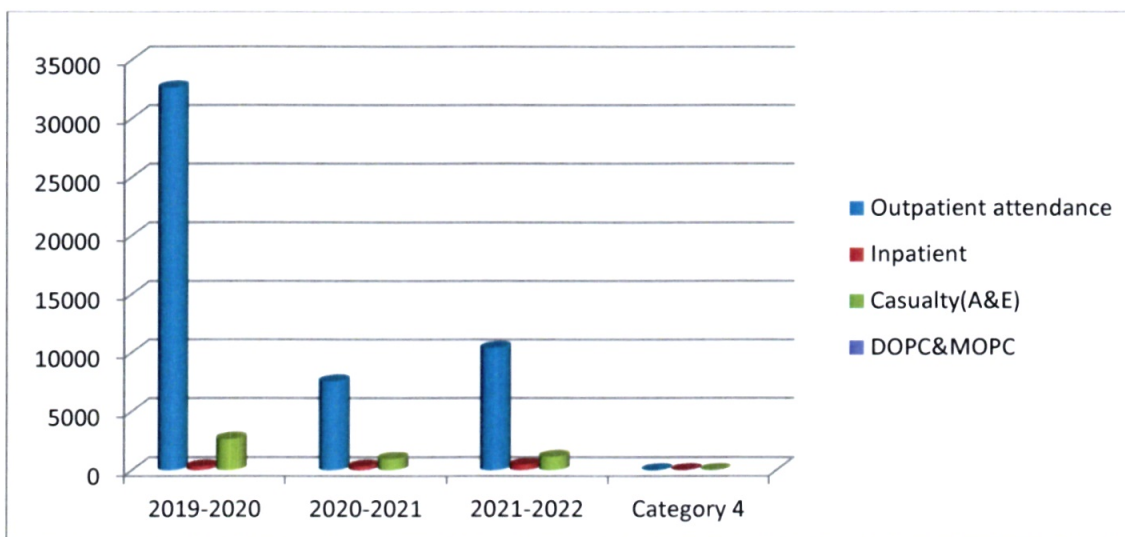
enabled by admirable team work between the community health volunteers, the extension health workers, the sub county team and the department of health which saw the hospital conduct a number of outreaches in the neighbouring villages.

Clinical/operational performance

The outpatient and inpatient attendances were greatly affected by the COVID 19 pandemic. At some point, the outpatient department was closed except CCC/TB and MCH services which had to be relocated to another temporary location in the hospital. The stigmatization by clients as an isolation centre has seen the hospital having low numbers as compared to the pre- COVID era. There were some weeks during the year when the ward had no patients and this affected both the numbers and the revenue collection of the facility.

Outpatient attendances in the 2021-2022 were 10,379 which was a 27.5% increase from the previous year which had 7,522 attendances. The average inpatient number was 444 which was also an improvement from 311 in the previous year 30% improvement. The increase in the number is attributed to the deadly COVID 19 waves that were witnessed in the year in the entire country. An average of 1139 patients was treated in the casualty department which is an improvement from 955 in the previous year. This is a 16.2% increase. The inpatient and outpatient numbers are expected to continue increasing with the drop in COVID 19 numbers and the improvement in service delivery including addition of more services. The pattern of outpatient and inpatient attendances is as depicted in the chart below.

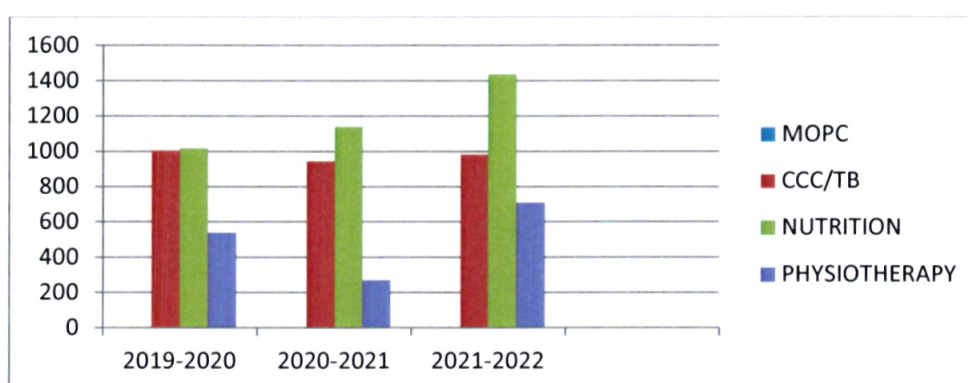
Overall Outpatient/Inpatient/casualty attendances



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In the 2021-2022 financial year the number of clients served in the MOPC, physiotherapy, nutrition, CCC/TB is as depicted in the table below. There was an increase in the number of TB cases from 11 to 22 which is a 100% increase. The average of number of clients in the CCC increased from 936 in 2020-2021 to 961 in 2021-2022 which is an increase of 2.7%. Similarly, a marked increase in attendance was seen in the physiotherapy department, from 271 to 710 which is a 162% improvement. The improvement may be attributed to the high number of COVID 19 clients who needed physiotherapy.

Specialized clinics attendances.



The hospital has an inpatient capacity of 31 beds and an extra 40 beds in the ward under construction. Average length of stay for in patient is 5 days. The bed occupancy rate for the financial year was 23% and a mortality rate of 6%. The theatre was not operational in the financial year.

Some of the notable partnerships in the includes the Centre for Health Solutions which supports TB and HIV services in the facility, Drop-in Centre, Mission for Essential Drugs (MEDS) tertiary learning institutions such as the KMTC, JKUAT, Outspan Medical College through offering attachment vacancies to their trainees, the regional blood transfusion satellite centre which is located in the facility and other county and national government bodies such as KEMRI, KEMSA.

Financial performance

The hospital sources of revenue include county government grants and user fees (In form of facility improvement fund). The Nyeri County Assembly enacted the Nyeri County Health Services Fund Act, 2021 with an aim of ring-fencing the funds collected by hospitals to ensure smooth service delivery in all facilities managed by the County Government of Nyeri. This means that revenue

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collected by hospital is reimbursed back as facility improvement fund. The Act was inaugurated and implemented in FY 2021-2022.

In the statements, FY 2021-2022 is considered as the base year. The hospital's revenue during the FY comprised of the following sources;

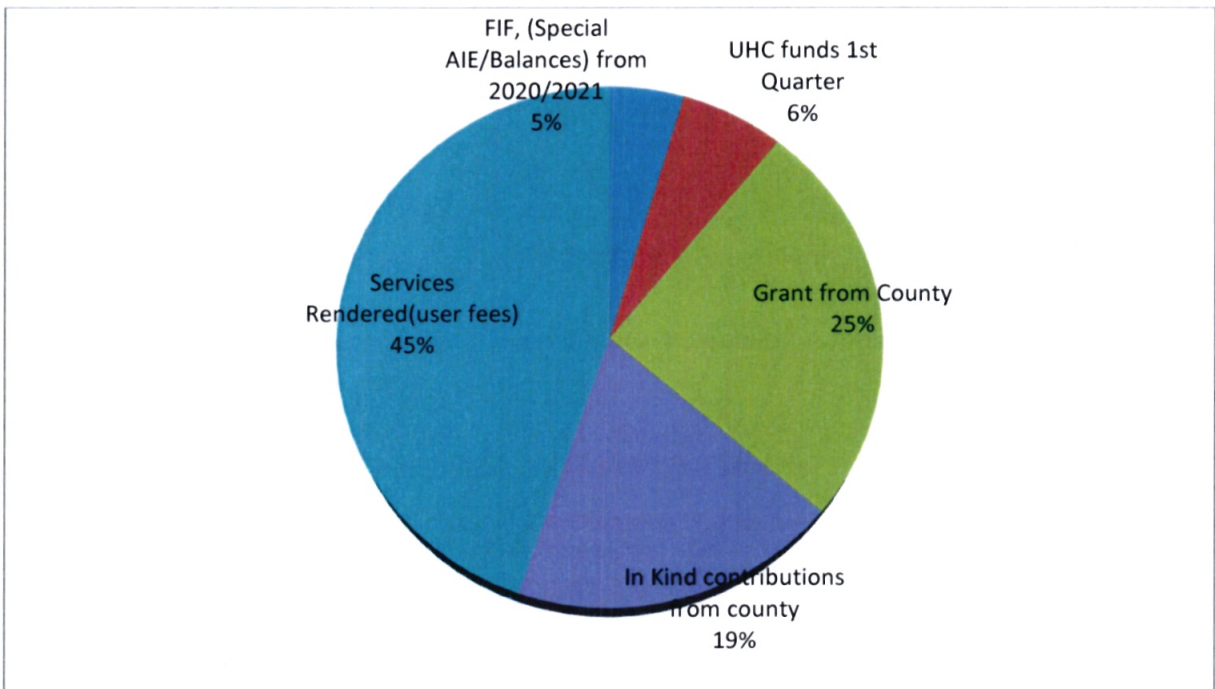
- | | | |
|-------|---|--------------------|
| (i) | FIF Budget Balances from FY 2020/2021. | - Kshs. 1,588,880 |
| (ii) | UHC funds balances from previous years. | - Kshs. 2,248,164 |
| (iii) | Grant from the Nyeri County Department of Health. | - Kshs. 9,000,000 |
| (iv) | In kind contributions from County Government. | - Kshs. 5,085,824 |
| (v) | Revenue from services rendered. | - Kshs. 15,864,599 |

There is great potential in the facility and the revenue collection can increase. Some of the factors hindering revenue collection are the uncertainty from the COVID pandemic and the regular reverting to isolation ward. A large number of our clients are not registered with NHIF which led to a high waiver rate. The facility lacks an imaging department which means that our clients are sent to other facilities to get the services.

The hospital theatre has not been operational but plans are underway to renovate it.

The revenue sources are depicted in the chart below.

Revenue sources for FY 2021-2022

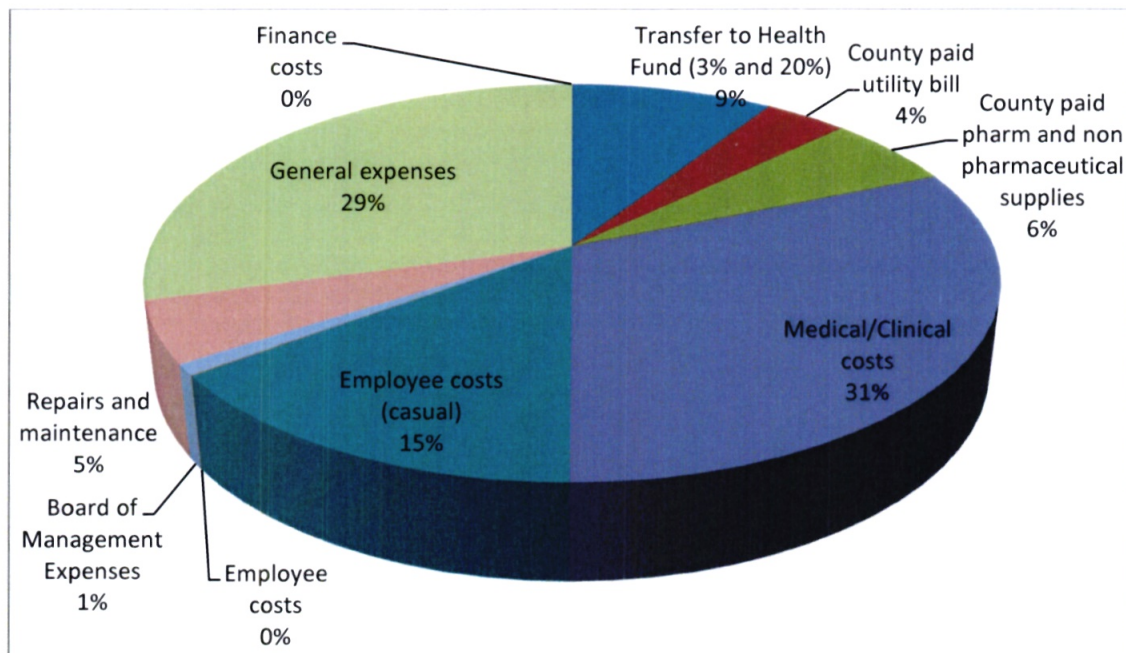


Expenditure/Utilization

The total expenses for the hospital during the FY 2021/2022 are Kshs. 27,252,949

The biggest spender was medical costs, general expenses and employee costs. As it is stipulated in the Nyeri County Health Act, 2015, 3% of the total collection is sent to the county fund board and 20% of the 97% is sent for rural health facilities. The facility has no pending bills from the 2021-2022 or the previous years.

Utilization of Funds



Dr. Charles Ndirangu

Medical Superintendent

IX. Environmental and Sustainability Reporting

Mt Kenya Hospital exists to save lives and facilitate a mentally and physically healthy society. It's what guides us to deliver our strategy, putting the client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

As a facility managed by the County Government of Nyeri, the facility is over sighted by both the County Executive and the County Assembly. The county executive is also responsible for providing both recurrent and development grants to facilitate the hospital's operations.

ii) Environmental performance

The Nyeri County Department of Health Services disposes the facility's health waste and provides the framework for environmental management and sustainability.

iii) Employee welfare

The hospital's management, with the authority of the Nyeri County Public Service Board, engages casual workers periodically for three months. However, staff on the county government payroll are assigned to the facility by the Nyeri County Government Department of Health Services and the County Public Service Board.

iv) Market place practices-

Mt Kenya Hospital is committed to ethical market place practices and set out the following outlined measures:

a) Responsible competition practice.

The hospital has an anti-corruption committee that meets on a quarterly basis to assess the hospital's ethical and procedural internal controls and makes recommendations on the same.

b) Responsible Supply chain and supplier relations

Guided by the Facility Improvement Fund regulations of 2019 and the Nyeri County Health Services Fund regulations of 2021, the hospital is able to meet its obligations to its suppliers within its budgetary allocations. The hospital is also guided by the procedures and legal requirements outlined by the Public Procurement and Asset Disposal Act 2015.

c) Responsible marketing and advertisement

Mt Kenya Hospital periodically carries out outreach programs to the surrounding community to familiarize residents on its services.

d) Product stewardship

During the financial year 2021/2022, the management procured medical drugs and laboratory materials from the Kenya Medical Drugs Authority and Mission for Essential Drugs and Supplies. This was to ensure that these sensitive products met all the required standards.

e) Corporate Social Responsibility

Under the supervision of the Nyeri County Department of Health Services, the hospital has continued to act as a vaccination facility against the Corona virus pandemic. The vaccine is administered free of charge to all our clients and guidance is issued to the clients on how to obtain the Covid 19 vaccine on the assigned public health portal.

X. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the hospital's affairs.

Principal activities

The principal activities of the hospital are to offer curative and preventive health services to all Kenyans.

Results

The results of the hospital's performance for the year ended June 30 are set out on page 1-9 of this report.

Board of Management

The members of the Board who served during the year are shown on page vii-viii. During the year 2021/2022 none of the directors retired or resigned and no new appointment was made.

Auditors

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

By Order of the Board.



Dr. Charles Ndirangu
Medical Superintendent
Mt. Kenya Sub-County Hospital.

XI. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that, which give a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the facility for that year. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the facility. The council members are also responsible for safeguarding the assets of the institution.

The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the facility for and as at the end of the financial year ended on June 30, 2022. 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 hospital,
- (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 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 Standard (IPSAS) 33, and in the manner required by the PPDA 2015 & 2020, PFM Act 2012, Nyeri Health Services Fund Act, 2021 and other existing financial regulations. The Board members are of the opinion that the financial statements give a true and fair view of the state of Mt Kenya Sub County Hospital transactions during the financial year ended June 30, 2022, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

Mt. Kenya Sub-County Hospital (Level 4)
Nyeri County Government
Annual Report and Financial Statements for the Year Ended 30th June 2022

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

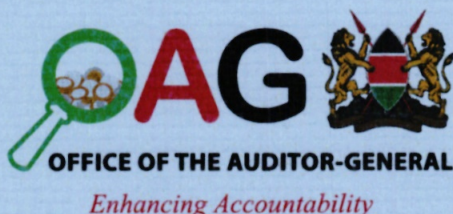
The Hospital's financial statements were approved by the Board on 17th August, 2022 and signed on its behalf by:


.....
Name: Joseph Karweru
Chairperson
Board of Management


.....
Name: Dr. Charles Ndirangu
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 MT. KENYA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF NYERI

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided under 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 Mt. Kenya Sub-County Level 4 Hospital - County Government of Nyeri set out on pages 1 to 46, which comprise the

statement of financial position as at 30 June, 2022, 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 effects of the matter 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 Mt. Kenya Sub-County Level 4 Hospital - County Government of Nyeri as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Nyeri County Health Services Act, 2015.

Basis for Qualified Opinion

1. Inaccuracies and Inconsistencies in The Financial Statements

Review of the financial statements for the year ended 30 June, 2022 as prepared and presented for audit revealed the following errors and inconsistencies;

- i. The statement of financial performance reflects general expenses of Kshs.8,061,136 while the supporting schedule reflects Kshs.7,970,586 resulting to an unexplained variance of Kshs.90,550. Further, the transfer to Health Fund (3% and 20%) was reflected as Kshs.3,074,383 while the recomputed balance is Kshs.3,648,858 (23% of 15,864,599) resulting in an unexplained variance of Kshs.574,475;
- ii. The statement of financial position reflects total Net Assets and liabilities of Kshs.7,310,039 while the recomputed balance is Kshs.6,534,519 resulting in an unexplained variance of Kshs.775,520. Further, the receivables from exchange transactions was reflected as Kshs.1,150,764 while the supporting schedule reflects Kshs.13,774,945 resulting in an unreconciled variance of Kshs.12,624,181;
- iii. The Statement of Cash Flows Reflects Cash and Cash Balance brought forward at 01 July, 2021 which was not disclosed in the statement of Financial Position as Fund Balance;
- iv. The Statement of Cash Flows reflects cash and cash equivalents balance as at 30 June, 2022 of Kshs.6,159,235 while the recomputed balance is Kshs.11,321,230 resulting to unexplained variance of Kshs.5,161,995; and
- v. The Statement of Budget Comparison and Actual Amount reflects actual receipts of Kshs.28,701,644 and actual expenditure of Kshs.22,167,125 while the Statement of Financial Performance reflects actual receipts of Kshs.33,787,468

and actual Kshs.27,252,549 resulting to unexplained variance of Kshs.5,085,424 and Kshs.5,085,424 respectively.

In the circumstances, the accuracy and completeness of the financial statements for the Financial Year ended 30 June, 2022 could not be confirmed.

2. Irregular Recognition of Revenue from Exchange Transactions

The statement of financial performance reflects income from exchange transaction - medical services of Kshs.15,852,599 and as disclosed in Note 11 to the financial statements. However, the income was recognized on a cash basis instead of an accrual basis. Further, Kshs.1,099,025 cash collections could not be reconciled to source departments on amount billed, amount paid and banked per patient.

Further, Mpesa receipts for July, 2021 of Kshs.722,640, December, 2021 of Kshs.472,070, January, 2022 of Kshs.1,209,530, February, 2022 of Kshs.469,670 and March 2022 of Kshs.321,360 were not supported with bank statements. In addition, daily collections reflected in Mpesa statements had unexplained variances with amounts reflected in supporting schedules as detailed below: -

Date	Amounts as per Mpesa Statements (Kshs.)	Amounts Reported (Kshs.)	Variance (Kshs.)
01 April, 2022	10,940	-	10,940
01 June, 2022	81,620	-	81,620
01 August, 2021	29,080	-	29,080
02 August, 2021	49,120	-	49,120
07 June, 2022	20,548	29,380	(8,832)
09 June, 2022	15,672	20,520	(4,848)
10 June, 2022	18,628	18,829	(201)
14 June, 2022	86,926	86,701	225
Total	312,534	155,430	157,104

In the circumstances, the accuracy and completeness of receipts from rendering of services for the financial year ended 30 June, 2022 could not be confirmed.

3. Unsupported National Hospital Insurance Fund (NHIF) Claims

The statement of financial position reflects receivables from exchange transaction - medical services NHIF of Kshs.1,150,764 and as disclosed in Note 28 to the financial statements. However, the hospital did not provide records on the NHIF billings, the amount claimed, amount paid, outstanding balances and monthly reconciliations. Further, the Management of the hospital did not provide a contract between them and NHIF for the financial year under review.

In the circumstances, the accuracy and completeness of receivables from NHIF of Kshs.1,150,764 for the year ended 30 June, 2022 could not be confirmed.

4. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,159,235 and as disclosed in Note 27 to the financial statements. However, the balances were not supported with cash survey report. Further, cheque number 1499 for Kshs.12,540 issued to Boc Kenya PLC could not be traced in subsequent bank statements for clearance as at 15 June, 2023.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,159,235 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mt. Kenya Sub-County Level 4 Hospital - County Government of Nyeri 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. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.28,701,644 and Kshs.28,701,644 respectively resulting to a balanced budget. Similarly, the actual expenditure reflects a balance of Kshs.22,167,125 against an approved budget of Kshs.28,701,644 resulting to an under-expenditure of Kshs.6,536,519 or 23% of the budget. The actual figures for receipts and expenditure do not agree with the figures in the statement of financial performance.

Further, the Statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final budget income of Kshs.28,701,644 and final expenditure budget of Kshs.26,278,388 resulting to a budget surplus of Kshs.2,423,256 or 8%.

This is contrary to Regulation 31(c and e) of Public Finance Management (County Government) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced, total budget revenue shall cover total budget expenditure.

The under-absorption affected the planned activities and may have impacted negatively on service delivery towards achieving universal health care. Also, the surplus budget

reflects some expected income with no expenditure budgeted which may have impacted negatively on service delivery towards achieving universal health care.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Maintain Revenue Cash Book

The Income from rendering of services was collected and deposited in Health Sector Revenue Collection Account. However, the Hospital Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account, withdrawals through Authority to Incur Expenditure (AIE) and receipts revenue receivables. This is contrary to Regulation 100, of the Public Finance Management (County Government) Regulations, 2015 which requires the Accounting Officers to keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

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

2. Non-Submission of Monthly Bank Reconciliations

The Hospital Management did not submit monthly bank reconciliation statements on the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General. This was contrary to regulation 90(1) of The Public Finance Management (County Government) Regulations, 2015.

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

3. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

3.1 Understaffing of Health Workers

During the year under review the hospital had two (2) medical officers against the required sixteen (16) recommended by the Kenya quality model for health which represents a deficit of 88%. Further, the hospital did not have anesthesiologists, general surgeons, gynecologists, pediatrics, radiologists, from the recommended two (2) each

representing 100% deficit. In addition, the hospital had twenty-one (21) registered community health nurses from the recommended seventy-five (75) representing a deficit of 72%.

3.2 Failure to Offer Various Medical Services Offered in the Hospital

During the year under review the Hospital was not offering services on radiology, renal dialysis, mortuary and autopsy, advanced life support, caesarian section and surgical operations. Further, the hospital only offered partial services on minor surgical procedures, pediatric and gynecological services in the outpatient departments due to lack of Medical Officers or fully pledged departments.

3.3 Inadequate Operational Equipment

During the year under review, the Hospital had thirty-one (31) inpatient beds from the recommended one hundred and fifty (150) beds representing 79% deficit, zero resuscitative in theatre from the recommended one, and one in labour ward from the recommended two (2). In addition, the hospital had one new born unit-incubators which was not functional from the recommended five, zero newborn unit cots from the recommended five (5), zero functional intensive care unit-beds from the recommended six, zero high dependency unit-beds from the recommended six and zero renal unit dialysis machines from the recommended five (5). Further, the hospital had zero functional operating theaters Maternity and general from the recommended two (2).

3.4 Lack of Key Operational Departments

During the year under review the Hospital, had only six operational departments out of the twenty-four surveyed representing 75% deficit. The functional departments include: - laboratory department of class E, physical medicine department, infectious disease department, dental department for basic services, general ward unit and rehabilitation department, while the non-operational departments include:- imaging department, urology department, obstetrics and gynecology department, research department, surgery and surgical procedures department, critical care unit, surgery recovery unit, day procedures unit, step down or clinical decision unit, cardiac unit, renal in dialysis unit, cath lab unit and home health unit, quality control unit, nuclear medicine unit pediatric unit, pediatric critical care unit and community-based rehabilitation unit.

As a result of these deficiencies the hospital was not operating as per the provisions of Health Act, 2017 schedule on classification of health services and the guidelines, standards and policies for Level 4 Hospital as per Kenya Quality Model for Health Policy Guidelines and the Nyeri County Health Services Act, 2015 and may have hindered the realization of the Government program on Universal Health Coverage (UHC).

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 3000 and 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing 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 Usage Trail on Medical/Clinical Costs

The statement of Financial Performance reflects medical/clinical costs of Kshs.9,407,582 for the financial year ended 30 June, 2022 and as disclosure in disclosure Note 15 to the financial statements. However, the following anomalies were noted: -

1.1 Laboratory Chemicals and Reagents

Include in medical/clinical costs is Kshs.1,084,564 on laboratory chemicals and reagents which were procured, received, inspected and issued in bulky to the laboratory due to lack of supply chain control store equipped with freezers and refrigerators. The issuance of the reagents in bulk to the end-user/laboratory staff compromised the internal controls on the accountability of the reagents. Further, the reagents could not be traced to specific patients and the amount charged for the test. In addition, there was no reconciliation on issued items, used item, tests conducted, breakages, spillage, expired and revenue generated.

1.2 Food and Ration

Included in medical/clinical costs is food and ration of Kshs.2,037,319 which includes Kshs.1,125,980 for food items issued to the kitchen in bulk without the support of patients register from the nurse in-charge and diet sheet from the nutritionist.

1.3 Pharmaceutical Supplies

Included in Medical/clinical costs is Pharmaceutical supplies expenditure of Kshs.2,524,650 which includes Kshs.2,119,200 on drugs supplied, inspected and accepted but issued in bulk to the pharmacy without control from the main store.

Further, the drugs could not be traced to specific patients and the revenue or amount charged. In addition, there was no reconciliation on received drugs, drugs issued to the patients, breakages, spillage, expired and revenue generated.

In the circumstances, the weak controls may result into loss or misuse of laboratory chemicals and reagents, food and ration and pharmaceuticals products.

2. Non-Functional Operating Theatre

During the year under audit review, it was revealed that hospital's operating theatre have not been functional since the year 2018. Though, the theater house was under renovation, no documentation or pre-renovation report was provided on the conditions of the theater and its equipment's which were still in the same building under renovation. In addition, the hospital does not have theatre surgeons and theatre nurses and no plans had been put in place to confirm availability after the renovation.

This is contrary to Section 153(1) of the Public Finance Management Act, 2012 which require the Accounting Officer for a County Government entity is responsible for the management of the entity's assets and liabilities and shall manage those assets in such a way as to ensure that the County Government entity achieves value for money in acquiring, using or disposing of those assets.

In the circumstances, the theatre equipment's may become damaged, obsolete resulting loss of public funds and the facilities may remain unused due to lack of surgeons and theater nurses.

3. Lack of Risk Assessment Policy

During the financial year under review, Mt. Kenya Sub-County Hospital did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that the Management lacks a disaster recovery plan/business continuity plan and therefore crucial information may not be recovered in the event of a disaster. This was contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015.

In the absence of a risk management policy, the Management is not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

4. Inadequate Storage Space

During the year under review, the hospital did not have sufficient space for orderly receipt, warehousing, and dispatch of food items, vaccines and drugs. The refrigerated and freezing storage environments were not fitted with signals to indicate that refrigeration has failed. In addition, no written procedures and programs for pest control

and no appropriate written procedures for the clean-up of any spillage to ensure the complete removal of any risk of contamination.

5. Lack of Land Ownership Documents

Mt. Kenya Sub-County Hospital sits on eight acres of land however the titled deed was not provided, to confirm ownership. The land occupied by the hospital could be encroached or allocated for other purposes.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI's) 2315 and 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 the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain 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 terminate the hospital or to cease its 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.

The Board of Governors 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

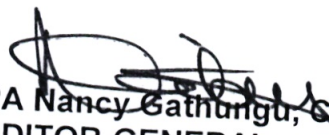
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

26 September, 2023

Mt. Kenya Sub-County Level 4 Hospital
Nyeri County Government
Annual Report and Financial Statements for the Year Ended 30th June 2022

XIII. Statement of Financial Performance for the year Ended 30 June 2022

Description	Notes	2021/22
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	12,837,045
In-kind contributions from the County Government	7	5,085,824
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
		17,922,869
Revenue from exchange transactions		
Rendering of services - Medical Service Income	11	15,864,599
Revenue from rent of facilities	12	-
Finance / Interest Income	13	-
Other income (specify)	14	-
Revenue from exchange transactions		15,864,599
Total revenue		33,787,468
Expenses		
County paid utility bills, non-pharmaceuticals and casual wages	7	5,085,824
Medical/Clinical costs	15	9,407,582
Employee costs	16	10,600
Board of Management Expenses	17	247,069
Depreciation and amortization expense	18	-
Repairs and maintenance	19	1,366,355
Grants and subsidies (Transfers to Nyeri Fund Board and Rural Facilities)	20	3,074,383
General expenses	21	8,061,136
Finance costs	22	-
Total expenses		27,252,949
Other gains/(losses)		
Gain on disposal of non-Current assets	23	-
Unrealized gain on fair value of investments	24	-
Medical services contracts Gains/Losses	25	-

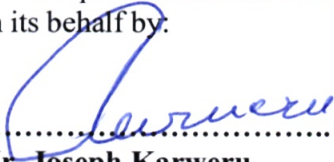
Mt. Kenya Sub-County Level 4 Hospital

Nyeri County Government

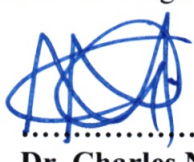
Annual Report and Financial Statements for the Year Ended 30th June 2022

Description	Notes	2021/22
		Kshs
Impairment loss	26	-
Gain on foreign exchange transactions		-
Total other gains/(losses)		-
Net Surplus for the year		6,534,519
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling hospital		-

The Hospital's financial statements were approved by the Board on 17th August, 2022 and signed on its behalf by:


.....
Mr. Joseph Karweru
Chairman
Board of Management


.....
Shaban Kibiru
Head of Finance
ICPAK No: 21439


.....
Dr. Charles Ndirangu
Medical Superintendent

Mt. Kenya Sub-County Level 4 Hospital
Nyeri County Government
Annual Report and Financial Statements for the Year Ended 30th June 2022

XIV. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	6,159,275
Receivables from exchange transactions	28	1,150,764
Receivables from non-exchange transactions	29	-
Inventories	30	-
Total Current Assets		7,310,039
Non-current assets		
Property, plant, and equipment	31	-
Intangible assets	32	-
Investment property	33	-
Total Non-current Assets		
Total assets		7,310,039
Liabilities		
Current liabilities		
Trade and other payables	34	775,520
Refundable deposits from customers/Patients	35	-
Provisions	36	-
Finance lease obligation	37	-
Current portion of deferred income	38	-
Current portion of borrowings	39	-
Total Current Liabilities		775,520
Non-current liabilities		
Provisions	36	-
Non-Current Finance lease obligation	37	-
Non-Current portion of deferred income	38	-
Non - Current portion of borrowings	39	-
Service concession liability	40	-
Total Non-current liabilities		-
Total Liabilities		775,520

Mt. Kenya Sub-County Level 4 Hospital
Nyeri County Government
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Description	Notes	2021/22
		Kshs
Net assets		6,534,519
Revaluation reserve		-
Accumulated surplus/Deficit		6,534,519
Capital Fund		-
Total Net Assets and Liabilities		7,310,039

The hospital's financial statements were approved by the board on 17th August, 2022 and signed on its behalf by:



Mr. Joseph Karweru
 Chairman
 Board of Management



Shaban Kibiru
 Head of Finance
 ICPAK No: 21439



Dr. Charles Ndirangu
 Medical Superintendent

Mt. Kenya Sub-County Hospital (Level 4)
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XV. Statement of Changes in Net Asset for the Year Ended 30 June 2022

	Revaluation Reserve	Accumulated Surplus / Deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	6,534,519	-	6,534,519
Capital/Development grants	-	-	-	-
At June 30, 2022	-	6,534,519	-	6,534,519

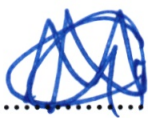
The hospital's financial statements were approved by the board on 17th August, 2022 and signed on its behalf by:



Mr. Joseph Karweru
 Chairman
 Board of Management



Shaban Kibiru
 Head of Finance
 ICPAK No: 21439



Dr. Charles Ndirangu
 Medical Superintendent

XVI. Statement of Cash Flows for The Year Ended 30 June 2022

Description		2021/22
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government		12,837,045
Grants from donors and development partners		0
Transfers from other Government entities		0
Public contributions and donations		0
Rendering of services- Medical Service Income		15,864,599
Revenue from rent of facilities		0
Finance / interest income		0
Other receipts(specify)		0
Total Receipts		28,701,644
Payments		
Medical/Clinical costs		9,407,582
Employee costs		10,600
Board of Management Expenses		247,069
Repairs and maintenance		1,366,355
Grants and subsidies		0
General expenses		8,061,136
Finance costs		0
Grants and Subsidies to rural facility23%		3,074,383
Refunds paid out		0
Total Payments		22,167,125
Net cash flows from operating activities	41	6,534,519
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		0
Proceeds from the sale of property, plant, and equipment		0
Acquisition of investments		0
Net cash flows used in investing activities		0
Cash flows from financing activities		
Proceeds from borrowings		0
Repayment of borrowings		0
Capital grants received		0

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Nyeri County Government

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Description		2021/22
Net cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents		0
Cash and cash equivalents at 1 st July 2021	27	4,786,711
Cash and cash equivalents at 30 th June 2022	27(a)	6,159,235

The notes set out on pages 10 to 44 form an integral part of the Annual Financial Statements. The hospital's financial statements were approved by the board on 17th August, 2022 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 21439



Medical Superintendent

Mt. Kenya Sub-County Hospital (Level 4)
Nyeri County Government
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XVII. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	12,837,045	-	12,837,045	12,837,045	-	100%
Grants from donors and development partners		-	-		-	
Transfers from other Government entities		-	-		-	
Public contributions and donations		-	-		-	
Rendering of services- Medical Service Income	15,864,599	-	15,864,599	15,864,599	-	100%
Revenue from rent of facilities		-	-		-	
Finance / interest income		-	-		-	
Other receipts (specify)		-	-		-	
Total income	28,701,644	-	28,701,644	28,701,644	-	100%
Expenses						
Transfer to Health Fund (3% and 20%)	3,074,383		3,074,383	3,074,383	-	100%

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Medical/Clinical costs	10,631,990	-	10,631,990	9,407,582	1,224,407	88%
Employee costs	65,000	-	65,000	10,600	54,400	16%
Board of management expenses	300,000	-	300,000	247,069	52,931.00	82%
Repairs and maintenance	1,832,280	-	1,832,280	1,366,355	465,925	75%
Grants and subsidies	-	-	-	-	-	0%
General expenses	10,374,735	-	10,374,735	8,061,136	2,313,599	78%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Expenses	26,278,388	-	26,278,388	22,167,125	4,111,263	84%
Surplus for the period						

The notes set out on pages 10 to 44 form an integral part of the Annual Financial Statements. The hospital's financial statements were approved by the board on 17th August, 2022 and signed on its behalf by

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 21439

.....
Medical Superintendent

Budget notes

Medical Cost utilization rate

The 88% utilization rate arose due to the fact that several medical supply orders were not fulfilled by the hospital's suppliers resulting to under absorption of the funds.

Employee cost utilization rate

The budgeted amount had been set aside to engage skilled casual workers on a job by job temporary basis. The 16% utilization rate resulted from the fact that most of the labour required was carried out by the hospital's casual labourers who were paid by the County Government of Nyeri and the skilled temporary labourers were only engaged on a need basis.

Board of management utilization rate

The 82% utilization rate occurred due to the fact that some board meetings were held virtually to prevent the spread of the Corona virus.

Repairs and Maintenance utilization rate

Ambulances and other motor vehicles are seconded to the facility by the County Government of Nyeri and can be recalled for other purposes on short notice. This explains the 75% utilization rate on the repairs and maintenance allocation.

General Expense's utilization rate

The 74% utilization rate for general expenses can be explained by the incidental nature of general expenses which are only incurred in the course of the normal operations of the facility.

XVIII. Notes to the Financial Statements

1. General Information

Mt. Kenya Hospital is established by and derives its authority and accountability from the County Government of Nyeri through the department of health services. The hospital is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The hospital's principal activity is to offer medical services to the citizens of Nyeri County.

2. Statement of Compliance and Basis of Preparation

The financial statements should be 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 Standard 33 (IPSAS) allows for a three year transitional period for a facility to put in place adequate measures and procedures to fully adopt accrual standards of accounting. 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 2012 and International Public Sector Accounting Standard 33. The accounting policies adopted have been consistently applied in the financial year 2021/2022.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Hospital's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between and hospital's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Hospital provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Hospital; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Hospital's financial performance, financial position and cash flows.
Amendments	Applicable: 1st January 2023:

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to Other IPSAS resulting from IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> 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 a hospital. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

Mt. Kenya Sub-County Hospital (Level 4)
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IPSAS 44:	Applicable 1st January 2025
Non- Current Assets Held for Sale and Discontinued Operations	The Standard requires, 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 on such assets to cease and: 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.

ii. Early adoption of standards

Mt Kenya Sub-County Hospital did not adopt any new or amended standards in the year 2021/2022.

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 should be measured at fair value and recognized on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the hospital and can be measured reliably. However, the hospital prepared its financial statements in accordance with IPSAS 33 paragraph 42 that allows a three year transitional period for recognition of non-exchange revenue on accrual basis.

Revenue from exchange transactions

Rendering of services

The hospital should recognize 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. However, the hospital prepared its financial statements in accordance with IPSAS 33 paragraph 41A that allows a three year transitional period for recognition of exchange revenue on accrual basis.

Interest income

Interest income should be 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. Mt Kenya Sub-County Hospital did not accrue any interest income during the financial year 2021/2022.

Dividends

Dividends or similar distributions should be recognized when the hospital's right to receive payments is established. However, the hospital did not accrue any dividends during the financial year 2021/2022.

Rental income

Rental income arising from operating leases on investment properties should be accounted for on a straight-line basis over the lease terms and included in revenue. However, Mt Kenya Sub-county hospital did not accrue any rental income for the financial year under review.

b) Budget information

The original annual budget for FY 2021/2022 was approved by management on July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. However, the hospital's budget was prepared on a different basis to the actual income and expenditure disclosed in the financial statements. 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 were prepared on a comparable basis to the approved budget and presented on page 8-9 of these financial statements.

c) Taxes

Sales tax/ Value Added Tax

Expenses and assets should be 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.

Considering the foregoing, the hospital could not record its expenses and revenue as required and therefore adopted the IPAS 33 standard that provides a three year transitional period to enable compliance with all accrual accounting standards.

d) Investment property

Investment properties should be measured initially at cost, including transaction costs. The carrying amount should include 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 should be measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties will be measured using the cost model and be depreciated over a period determined by the hospital's management. 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.

However, the hospital's management took advantage of the exemptions provided by the IPSAS 33 standard paragraph 36 that allows a first time adopter not to recognize investment property at the date of first adoption and an additional three year transition period. This is to enable the hospital to develop adequate policies and procedures for valuation and subsequent depreciation of investment property.

e) Property, plant and equipment

All property, plant and equipment should be 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 hospital 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. Nonetheless, the hospital's management took advantage of the exemptions provided by the IPSAS 33 standard paragraph 36 that allows a first time adopter not to recognize property, plant and equipment at the date of first adoption as well as an additional three year transition period. This is to enable the hospital to develop adequate policies and procedures for valuation and subsequent depreciation of its properties, plant and equipment.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. Assets held under a finance lease should be 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 hospital should also recognize the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments should be 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 should be recognized as finance costs in surplus or deficit.

An asset held under a finance lease should be depreciated over the useful life of the asset. However, if there is no reasonable certainty that the hospital will obtain ownership of the asset by the end of the lease term, the asset should be 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 hospital. Operating lease payments should be recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

In view of the above explanations, Mt Kenya Sub-County hospital did not have any contractual lease agreements during the financial year 2021/2022.

g) Intangible assets

Intangible assets acquired separately should be 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 should be 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.

Mt Kenya Sub-county hospital currently has an intangible Health Management Information System (HMIS) asset purchased initially in the year 2014 at a cost of 120,000. The hospital upgraded the system in the financial year 2021/2022 at a cost of 200,000. However, no provisions had been set aside to depreciate the asset. Therefore, the hospital's management chose to adopt the exemptions provided by IPSAS 33 paragraph 36 that allows a first time adopter the option not to recognize intangible assets in the financial statements until measures can be put in place to value and depreciate the assets.

h) Research and development costs

The Hospital should record research costs as incurred. Development costs on an individual project are recognized as intangible assets when the hospital 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 should be 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 should be amortized over the period of expected future benefit. During the period of development, the

asset should be tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. However, Mt Kenya Sub-county hospital did not incur any research and development cost during the financial year under review.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement should be classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Hospital determines the classification of its financial assets at initial recognition. However, the hospital's management applied the exemption provided by IPSAS 33 paragraph 113-116 on recognition and de-recognition of financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. Mt Kenya Sub-county hospital had not issued any loans as at 30th June 2022. The hospital included a verified amount of **1,150,764** in its financial statements and subsequently relied on the relief provided by IPSAS 33 paragraph 41 on recognition of revenue and receivables.

Held-to-maturity

The hospital did not have any held to maturity investments as at 30th June 2022.

Impairment of financial assets

The Hospital should assess at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is

objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The hospital's debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicating a measurable decrease in estimated future cash flows.

Considering the above, the hospital's management could not ascertain any impairment of financial assets and therefore relied on the exemptions provided by the IPSAS 33 paragraph 36-62 until adequate measures can be put in place to impair its financial assets.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Hospital determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. However, the hospital relied on the exemptions provided by IPSAS 33 paragraph 36-62 until adequate measures can be put in place to recognize its financial liabilities.

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost should be calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. However, the hospital relied on the exemptions provided by IPSAS 33 paragraph 44-45 and will put in place measures to reliably measure its liabilities and borrowing cost during the three year transitional period.

i) Inventories

Inventory should be measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions, the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower cost and net realizable value. During preparation of the financial statements under review, the hospital's management relied on the exemptions by IPSAS 33 paragraph 36 that allows for a transitional period of three years before recognition of inventories in the financial statements.

Provisions

Provisions should be recognized when the Hospital 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. The hospital's management relied on the exemptions provided by IPSAS 33 paragraph 48-50 and did not disclose any provisions during the financial year 2021/2022.

Contingent liabilities

The hospital's management relied on the exemptions provided by IPSAS 33 paragraph 48-50 and did not disclose any contingent liabilities during the financial year 2021/2022.

Contingent assets

The hospital's management relied on the exemptions provided by IPSAS 33 paragraph 48-50 and did not disclose any contingent assets during the financial year 2021/2022.

j) Nature and purpose of reserves

The hospital did not have any reserves as at 30th June 2022 which was its date of first adoption of accrual based accounting.

k) Changes in accounting policies and estimates

The hospital will recognize any changes in accounting policies and estimates once the three year transitional period provided for in IPSAS 33 paragraph 13-14 expires.

l) Employee benefits

Retirement benefit plans

The hospital does not operate any retirement benefit plans. Such plans are operated by the County Government of Nyeri for staff on payroll while National Social Security Fund (NSSF) contributions for casual workers are remitted to the fund.

m) Foreign currency transactions

Mt Kenya Sub-county hospital was not a party in any foreign currency transactions during the financial year 2021/2022.

n) Borrowing costs

Borrowing costs should be capitalized against qualifying assets as part of property, plant and equipment. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. However, the hospital did not incur any borrowing costs during the year under review and relied on exemptions provided by IPSAS 33 paragraph 44-45.

o) Related parties

Mt Kenya Sub-county hospital is wholly owned and operated by the Nyeri County Government.

p) Service concession arrangements

Mt Kenya Sub-county hospital did not enter into any service concession arrangements during the financial year 2021/2022.

q) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers which were not surrendered or accounted for at the end of the financial year. During the financial year 2021/2022, unaccounted imprests, while the cashbook bank balance reconciled as at 30th June 2022 amounting to **6,159,275** was recognized in the financial statements as cash and cash equivalents.

r) Comparative figures

As a first time adopter of accrual method of accounting, the hospital's existing accounting policies did not meet full compliance with all applicable International Public Accounting Standards (IPSAS). In view of this fact, the hospital relied on the IPSAS 33 standard, paragraph 77-79 that allows a first time adopter the option to refrain from preparing comparative financial statements. The standard sets out a three year transitional period before the hospital can prepare comparative financial statements.

s) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital'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, the hospital relied on the exemption provided by IPSAS 33 paragraph 23-25 that allows a hospital to rely on previous estimates from its old accounting methods and policies during the transitional period provided. During the financial year 2021/2022, no material judgements or estimates were made.

5. a) Financial statements from previous periods

As required by IPSAS 33 paragraph 145, the hospitals management would like to disclose that the facility had not presented any financial statements during previous financial periods.

5.b) Date of first adoption of IPSAS

As required by IPSAS 33 paragraph 141 a), the hospital's management would like to disclose that the facility's date of first adoption of IPSAS was 30th June 2022.

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6. a) Transfers from the County Government

Description	2021/22
	KShs
Unconditional grants	
Operational grant	12,837,045
Level 5 grants	-
Other grants	-
	-
Conditional grants	
User fee forgone	-
Transforming Health for Universal Care Project (THUCP)	-
DANIDA	-
Wards Development grant	-
Paediatric block grant	-
Administration block grant	-
Laboratory grant	-
Total government grants and subsidies	12,837,045

6.b) Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs
Nyeri County Government	9,000,000	0	0	9,000,000
FIF Special AIE	1,588,881	0	0	1,588,881
UHC Special AIE	2,248,164	0	0	2,248,164
Total	12,837,045	0	0	12,837,045

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7. In Kind Contributions from the County Government

Description	2021/22
	KShs
Salaries and wages	4,050,661
Pharmaceutical and Non-Pharmaceutical Supplies	0
Medical supplies-Drawings Rights (KEMSA)	0
Utility bills	1,035,163
Total grants in kind	5,085,824

8. Grants from Donors and Development Partners

Description	2021/22
	KShs
Cancer Centre grant- DANIDA	-
World Bank grants	-
Paediatric ward grant- JICA	-
Research grants	-
Other grants (<i>specify</i>)	-
Total grants from development partners	-

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

Name of the Hospital 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
	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-
JICA	-	-	-	-
World Bank	-	-	-	-
Total	-	-	-	-

9. Transfers from Other Government Entities

Description	2021/22
	KShs
Transfer from National Government (Ministry of Health)	-
Transfer from National Hospital	-
Transfer from Institute	-
Total Transfers	-

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10. Public Contributions and Donations

Description	2021/22
	KShs
Public donations	-
Donations from local leadership	-
Donations from religious institutions	-
Donations from other international organisations and individuals	-
Other donations(<i>specify</i>)	-
Donations in kind-amortised	-
Total donations and sponsorships	-

10 (a) Reconciliations of amortised grants

Description	2021/22
	KShs
Balance unspent at beginning of year	-
Current year receipts	-
Amortised and transferred to revenue	-
Conditions to be met – remain liabilities	-

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11. Rendering of Services-Medical Service Income

Description	2021/22
Months	KShs
July	1,002,020
Aug	2,516,080
Sept	2,325,254
Oct	848,930
Nov	703,840
Dec	980,700
Jan	1,382,645
Feb	538,930
March	638,790
April	863,058
May	1,526,127
June	2,538,225
Total revenue from the rendering of services	15,864,599

12. Revenue from Rent of Facilities

Description	2021/22
	KShs
Residential property	-
Commercial property	-
Total Revenue from rent of facilities	-

13. Finance /Interest Income

Description	2021/22
	KShs
Cash investments and fixed deposits	-
Interest income from short- term/ current deposits	-

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Interest income from Treasury Bills	-
Interest income from Treasury Bonds	-
Interest from outstanding debtors	-
Total finance income	-

14. Other Income

Description	2021/22
	KShs
Insurance recoveries	-
Income from sale of tender	-
Services concession income	-
Sale of goods (water, publications, containers etc)	-
Total other income	-

15. Medical/ Clinical Costs

Description	2021/22
	KShs
Dental costs/ materials	-
Laboratory chemicals and reagents	1,084,564
Public health activities	-
Food and Ration	2,037,319
Uniform, clothing, and linen	-
Dressing and Non-Pharmaceuticals	353,594
Pharmaceutical supplies	2,524,650
Health information stationery	326,835
Reproductive health materials	-
Sanitary and cleansing Materials	609,323
Purchase of Medical gases	2,471,297
X-Ray/Radiology supplies	-
Other medical related clinical costs (specify)	-
Total medical/ clinical costs	9,407,582

16. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	-
Contributions to pension schemes	-

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Service gratuity	-
Performance and other bonuses	-
Staff medical expenses and Insurance cover	-
Group personal accident insurance and WIBA	-
Social contribution	-
Other employee costs (<i>specify</i>)	10,600
Employee costs	10,600

17. Board of Management Expenses

Description	2021/22
	KShs
Chairman's Honoraria	-
Sitting allowance	247,069
Mileage	-
Insurance expenses	-
Induction and training	-
Travel and accommodation allowance	-
Airtime allowances	-
Total	247,069

18. Depreciation and Amortization Expense

Description	2021/22
	KShs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	-

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19. Repairs and Maintenance

Description	2021/22
	KShs
Property- Buildings	553,585
Medical equipment	325,420
Office equipment	0
Furniture and fittings	0
Computers and accessories	263,710
Motor vehicle expenses	223,640
Maintenance of civil works	0
Total repairs and maintenance	1,366,355

20. Grants and Subsidies

Description	2021/22
	KShs
Community development and social work	-
Education initiatives and programs	-
Free/ subsidised medical camp	-
Disability programs	-
Free cancer screening	-
Other grants and subsidies (Transfer to Nyeri Health Fund)	3,074,383
Total grants and subsidies	3,074,383

Detailed breakdown available on appendix vii

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21. General Expenses

Description	2021/22
	KShs
Electricity	2,932,554
Water and sewerage charges	834,164
Telephone, telex, facsimile and mobile phones	258,300
Courier and postal services	12,090
Accommodation and domestic travel	425,450
Subscription to newspapers	16,620
Catering services	122,623
Fungicides insecticides and sprays	11,650
General office supplies	324,162
Bank service commission and charges	11,560
Contracted guards and cleaning services	1,128,400
Purchase of workshop tools	42,200
Refined fuels and lubricants	818,877
Other fuels	305,100
Purchase of household and institutional appliances	84,239
Purchase of computers printers and other it equipment	733,147
Total General Expenses	8,061,136

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22. Finance Costs

Description	2021/22
	KShs
Borrowings (amortized cost) *	-
Finance leases (amortized cost)	-
Interest on Bank overdrafts/Guarantees	-
Interest on loans from commercial banks	-
Total finance costs	-

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

Description	2021/22
	KShs
Property, plant, and equipment	-
Intangible assets	-
Other assets not capitalised (<i>specify</i>)	-
Total gain on sale of assets	-

24. Unrealized Gain on Fair Value Investments

Description	2021/22
	KShs
Investments at fair value	-
Total gain	-

25. Medical Services Contracts Gains /Losses

Description	2021/22
	KShs
Comprehensive care contracts with NHIF	-
Non- Comprehensive contracts care with NHIF	-
Linda Mama Program	-
Waivers and Exemptions	-
Total Gain/Loss	-

26. Impairment Loss

Description	2021/22
	KShs
Property, plant, and equipment	-
Intangible assets	-
Total impairment loss	-

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27. Cash and Cash Equivalents

Description	2021/22
	KShs
Current accounts	6,159,275
On - call deposits	-
Fixed deposits accounts	-
Cash in hand	-
Others(specify)- Mobile money	-
Total cash and cash equivalents	6,159,275

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

Description	2021/22
Financial institution	Account Number
a) Current account	KShs
Cooperative Bank	01141666796900
	6,159,275
	-
Sub- total	6,159,275
b) On - call deposits	
Kenya Commercial bank	-
Equity Bank.	-
Sub- total	-
c) Fixed deposits account	
Bank Name	-

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Sub- total		-
d) Others (specify)		
Cash in hand		
Mobile money- Mpesa, Airtel money		-
Sub- total		-
Grand total		6,159,275

28. Receivables from Exchange Transactions

Description	2021/22
	KShs
Medical services receivables (NHIF)	1,150,764
Rent receivables	-
Other exchange debtors	-
Less: impairment allowance	-
Total Receivables	1,150,764

29. Receivables from Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	-
Undisbursed donor funds	-
Other debtors (<i>non-exchange transactions</i>)	-
Less: impairment allowance	-
Total	-

30. Inventories

Description	2021/22
	KShs
Maintenance supplies	-
Food supplies	-
Cleaning materials supplies	-
General supplies	-
Gas	-
Computer and Accessories	-
Laboratory reagents	-
Printing	-
Less: provision for impairment of stocks	-
Total	-

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-			-	-
At 30th June 2021	-	-	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments		-		-			-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-		-
Depreciation for the year	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-		-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Impairment	-	-	-	-	-	-		-
At 30 June 2021	-	-	-	-	-	-		-
At July 2021	-	-	-	-	-	-		-
Depreciation	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-		-
Impairment	-	-	-	-	-	-		-
Transfer/adjustment		-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Net book values								
At 30 th June 2021	-	-	-	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-	-	-	-

32. Intangible Assets-Software

Description	2021/22
	KShs
Cost	
At beginning of the year	
Additions	
Additions-Internal development	-
Disposal	-
At end of the year	
Amortization and impairment	
At beginning of the year	-
Amortization for the period	-
Impairment loss	-
At end of the year	-
NBV	

33. Investment Property

Description	2021/22
	KShs
At beginning of the year	-
Additions	-
Fair value gain	-
Depreciation (<i>where investment property is at cost</i>)	-
At end of the year	-

34. Trade and other payables

Description	2021/22
	KShs
Trade payables	775,520
Employee dues	-
Third-party payments (<i>unremitted payroll deductions</i>)	-
Audit fee	-
Doctors' fee	-
Total trade and other payables	775,520

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35. Refundable Deposits from Customers/Patients

Description	2021/22
	KShs
Medical fees paid in advance	-
Credit facility deposit	-
Rent deposits	-
Others (<i>specify</i>)	-
Total deposits	-

36. Provisions

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

37. Finance Lease Obligation

Description	2021/22
	Kshs
Current Lease obligation	-
Long term lease obligation	-
Total	-

38. Deferred Income

Description	2021/22
	KShs
Current Portion	-
Non-Current Portion	-
Total	-

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

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

39. Borrowings

Description	2021/22
	KShs
Balance at beginning of the period	-
External borrowings during the year	-
Domestic borrowings during the year	-
Repayments of external borrowings during the year	-
Repayments of domestic borrowings during the year	-
Balance at end of the period	-

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

Description	2021/22
	KShs
Current Obligation	-
Non-Current Obligation	-
Total	-

40. Service Concession Arrangements

Description	2021/22
	KShs
Fair value of service concession assets recognized under PPE	-
Accumulated depreciation to date	-
Net carrying amount	-
Service concession liability at beginning of the year	-
Service concession revenue recognized	-
Service concession liability at end of the year	-

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41. Cash Generated from Operations

	2021/22
Surplus for the year before tax	KShs
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	0
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	6,159,235

42. Financial Risk Management

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

(i) Credit risk

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. 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 hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	-			
Receivables from –non-exchange	-			

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transactions				
Bank balances	-			
Total	-			
At 30 June 2022				
Receivables from exchange transactions	-			
Receivables from –non-exchange transactions				
Bank balances				
Total	-			

The hospital has significant concentration of credit risk on amounts due from Insurance Companies. 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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-

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Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital'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. As provided for in the IPSAS 33 standard, the hospital will take advantage of the three year transitional period and ensure the risks are properly managed.

a) Foreign currency risk

The hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies should be paid after thirty 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 hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The hospital 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.

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	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2021			
Euro	-	-	-
USD	-	-	-
2022			
Euro	-	-	-
USD	-	-	-

Interest rate risk

Interest rate risk is the risk that the hospital'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.

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Sensitivity analysis

The hospital 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.

Capital Risk Management

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

	2021/22
	Kshs
Revaluation reserve	-
Retained earnings	-
Capital reserve	-
Total funds	-
Total borrowings	-
Less: cash and bank balances	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-
Gearing	-

43. Related Party Balances

Nature of related party relationships

Entities and other parties related to the hospital include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

The County Government of Nyeri is the main shareholder of the hospital, holding 100% of the hospital's equity interest. Other related parties include:

- i) The National Government;
- ii) The Ministry of Health;

Description	2021/22
	Kshs
Transactions with related parties	

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

44. Segment Information

The hospital does not have any segment information to report.

45. Contingent Liabilities

Contingent liabilities	2021/22
	Kshs
Court case - against the hospital	-
Bank guarantees in favour of a subsidiary	-
Total	-

46. Capital Commitments

Capital Commitments	2021/22
	Kshs
Authorised For	-
Authorised And Contracted For	-
Total	-

47. Events After The Reporting Period

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

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48. Ultimate and Holding Entity

The hospital is a semi-autonomous government entity under the County Government of Nyeri.

49. Currency

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

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XIX. 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)

.....
Accounting Officer

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APPENDIX II: Projects Implemented by the Hospital

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						

APPENDIX III: Status of Projects completion

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

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APPENDIX IV: Inter-Hospital Confirmation Letter

Confirmation of amounts received by [Insert name of beneficiary hospital] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary hospital] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary hospital:

Name SignDate.....

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APPENDIX V Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
N/A	N/A	N/A	N/A	Q1	Q2	Q3	Q4	N/A	N/A

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APPENDIX VI. Disaster Expenditure Reporting Template

Date:						
Hospital						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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APPENDIX VII. TRANSFER TO RURAL FACILITIES

MONTH	COLLECTION	A.I.E RECEIVED	TRANSFER TO RURAL FACILITIES
July 2021	1,002,020	794,950	207,070
August 2021, September 2021	4,841,334	3,706,357	1,134,976
September 2021, October 2021, November 2021, December 2021	2,533,470	1,965,972	567,497
January 2022, February 2022, March 2022	2,560,366	1,971,481	588,885
April 2022, May 2022, June 2022	2,504,155	1,928,199	575,955
TOTAL			3,074,383

End