

REPUBLIC OF KENYA



68



REPORT

OF

THE AUDITOR-GENERAL

ON

MARIMANTI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2024

COUNTY GOVERNMENT OF

THARAKA-NITHI

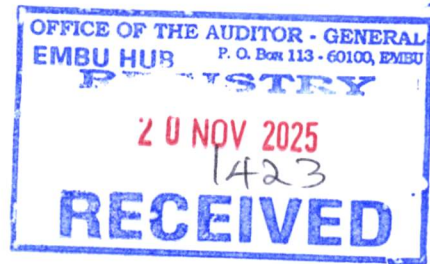
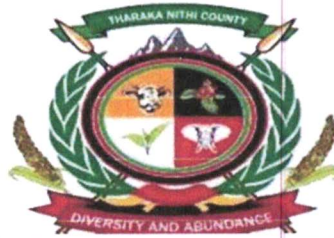
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REPUBLIC OF KENYA



COUNTY GOVERNMENT OF THARAKA NITHI



MARIMANTI LEVEL 4 HOSPITAL

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

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

COUNTY GOVERNMENT OF THARAKA NITHI
COUNTY TREASURY



Telephone: 1513

Email: treasury@tharakanithi.go.ke

REF: TNCG/ACC/TDH /VOL.I/01



P. O. BOX 10-60406

KATHWANA

Date: 5th December, 2024

The Auditor General
Office of the Auditor General
Embu Hub
P.O Box 113- 60100
EMBU

**RE: THARAKA NITHI COUNTY MARIMANTI LEVEL 4 HOSPITAL REPORT
AND FINANCIAL STATEMENTS FY 2023/2024**

In accordance to Public Financial Management Act 2012, Section 167, we hereby submit Marimanti Hospital Annual Report and Financial Statements for the Financial Year ended 30th June 2024.

Please find enclosed report for your necessary action.

Thank you

Lawrence K. Ileri Rweria
CECM- Finance, Economic Planning and Resource Mobilization

cc

- The Clerk, County Assembly of Tharaka Nithi
- The Director General, Accounting Services and Quality Assurance
- The Commission on Revenue Allocation
- The Controller of Budget

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| NSM | Nursing Services Manager |
| HAO | Health Administrative Officer |
| HMT | Hospital Management Team |
| OPD | Outpatient Department |
| AFYA-KE | Digital system that automates revenue system |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |

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2. Key Entity Information and Management

(a) Background information

Marimanti Hospital is a level (4) hospital established under gazette notice number 3144 of 10th March 2023 and is domiciled in Tharaka Nithi County under the Health Department. The hospital is governed by a Hospital Management Committee.

(b) Principal Activities

Vision

To provide quality, accessible and affordable Health care Services to the clients visiting Marimanti level IV Hospital.

Mission

To be the best medical, Referral Hospital in the region by providing quality health care to both Kenyans and non-Kenyans regardless of their Colour, race, religion or their affiliation.

Core values

The hospital staffs share the following core values:

- Professionalism
- Effectiveness
- Quick response
- Integrated and comprehensive service provision
- Quality care provision
- Integrity

(c) Key Management

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

- County department of health
- Hospital Management Committee
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|-------------------------------|----------------------------|
| 1. | Medical Superintendent | Dr. Andrew Njoroge |
| 2. | Nursing Services Manager | Stephen Kamanja |
| 3. | Health Administrative Officer | Jack Muchiri Miriti |

**Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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(e) Fiduciary Oversight Arrangements

- County Assembly
County Assembly Health Committee oversees hospital activities and running.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 5- 60215
MARIMANTI, KENYA

(g) Entity Contacts

Telephone: (+254) 729209880/0713216724
E-mail: marimanti4@gmail.com

(h) Entity Bankers

Family Bank
Chuka Branch
P.O. Box 60000 – 00400
Chuka

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 10-60406
Kathwana, Kenya




Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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3. Key Management Team

| Ref | Management | Details |
|-----|--|---|
| 1. |  <p data-bbox="252 898 560 981">Dr. Andrew Njoroge Medical Superintendent</p> | <p data-bbox="1054 568 1366 640">Superintends all hospital activities</p> <p data-bbox="1054 678 1425 819">He hold a degree in medicine from The Hubert Kariuki Memorial University(Dar salaam,Tanzania)</p> |
| 2. |  <p data-bbox="252 1406 600 1496">Stephen Kamanja Nursing Services Manager</p> | <p data-bbox="1054 999 1422 1066">Co-ordinates all functions in the hospital</p> <p data-bbox="1054 1104 1430 1525">Holds certificate in community health nursing (Maua school of Nursing) Diploma in community health nursing(KMTC) Post graduate Diploma in Hospital Management (fortis University of applied science ,Netherland) Certificate in senior management in health strengthening system(KIA)</p> |
| 3. |  <p data-bbox="252 1865 647 1955">Jack Miriti Muchiri Health Administrative Officer</p> | <p data-bbox="1054 1585 1422 1675">Oversees all the activities in the hospital</p> <p data-bbox="1054 1749 1445 1888">He holds a degree in bachelor of sociology from Mt Kenya University</p> |

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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For The Year Ended 30th June 2024

3. Key Management Team

| Ref | Management | Details |
|-----|--|---|
| 1. |  <p>Dr. Andrew Njoroge Medical Superintendent</p> | <p>Superintends all hospital activities</p> <p>He hold a degree in medicine from The Hubert Kariuki Memorial University(Dar salaam,Tanzania)</p> |
| 2. |  <p>Stephen Kamanja Nursing Services Manager</p> | <p>Co-ordinates all functions in the hospital</p> <p>Holds certificate in community health nursing (Maua school of Nursing) Diploma in community health nursing(KMTC) Post graduate Diploma in Hospital Management (fortis University of applied science ,Netherland) Certificate in senior management in health strengthening system(KIA)</p> |
| 3. |  <p>Jack Miriti Muchiri Health Administrative Officer</p> | <p>Oversees all the activities in the hospital</p> <p>He holds a degree in bachelor of sociology from Mt Kenya University</p> |

4. Report of The Medical Superintendent

Historical Background

The Hospital is a level IV hospital, SUB/ COUNTY REFERRAL situated near Marimanti town in Marimanti ward, Tharaka central division, Tharaka south sub-county in Tharaka Nithi County.

The facility occupies a parcel of land about ten (10) acres traversed by Marimanti- Nkubu road dividing it into two parcels.

The Hospital focus and mandate is to provide quality preventive, curative, promotive, and rehabilitative health services to the population of Tharaka sub/county and the surrounding catchment area.

It also serves as a primary referral facility for levels 2 and 3 facilities and also offers clinical supportive supervision to lower level facilities.

Other functions include:

- Client health education
- More specialized laboratory examinations services
- Radiological services
- Providing logistical support to the lower facilities and coordinating information flow from facilities within the catchment area.
- Staff training to make them more efficient and effective.
- Provide reverse referrals to the lower facilities/units

Vision

To provide quality, accessible and affordable Health Care Services to the clients visiting Marimanti Level 4 Hospital.

Mission

To be the best medical, Referral Hospital in the region by providing quality health care to both Kenyans and non-Kenyans regardless of their Colour, race, religion or their affiliation.

Structural Management, Leadership And Governance.

- The facility is managed by the Health Management Committee (H.M.C) comprising of six members who meets on quarterly basis with three sub committees under the same umbrella. This committee doesn't meet regularly due to logistical issues.
- The executive expenditure committee (E.E.C) comprising of the Medical superintendent, the health administrative officer, the nursing Services manager and the accountant, supply chain officer and other Co-opted from possible key departments meets quarterly.
- The Health Management Team (H.M.T) comprising all heads of departments and meets monthly.
- The H.M.T has several sub committees under the same umbrella who meets on monthly basis and scheduled by the individual sub-committee.

NB: For this hospital to meet its vision, mission and the core values, we need to have adequate equipment, essential medicines and medical supplies to satisfy the needs of the health care seekers in this institution. It is for this reason that we are appealing for support as outlined:

INFRASTRUCTURE

PROPOSED AND ON GOING PROJECTS

- Ongoing Installation of a solar system of 25KVA to assist in reducing the budget for generator fuel and KPLC bills
- Partition of existing laboratory to accommodate modern laboratory equipment, in charges office and washrooms. Not yet started.
- Amenity ward not yet done
- Construction of modern inpatient medical /surgical and specialized departments to at least 300- 500 bed capacity. Not yet started.
- Construction of staff quarters. Not yet started.
- Fencing (Perimeter wall fence) to provide safety to the hospital buildings, phase 1 done.
- Renovation of the administration block to female and paediatric contractor visited the site, work not yet started
- proposal installation of cabros from the inpatient through the outpatient to mortuary, not yet
- Construction of hospital cafeteria and other social amenities like Hospital canteen, not yet.

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• **Hospital needs.**

- Equipment
- Expansion of inpatients, laboratory and offices
- Provision of water alternative ``b``(resources like powered borehole water with electricity)
- Back-up generator (electricity) 1000 KVA or above-
- Installation of immersion water pump for the bore hole.


If all the addressed issues and challenges are provided, Marimanti Level 4 Hospital would ascend to teaching and referral hospital status, a centre for quality and standard health care provision in Tharaka Nithi county.

Finally, we most sincere thank the leadership of Tharaka Nithi county Government for support and upgrading of hospital.

Infrastructure and improvement in communication that has facilitated access for health services in this sub/county and national government for supply and management of equipment like imaging and radiological services, surgical equipment and sterilization of surgical materials.

We call upon all the users of this facility to own, support advocate for growth and advancement to higher standards of care to all.

Thank you.

Sign 
.....

Date: **23rd July 2024**
.....

Dr Andrew Njoroge
Medical superintendent

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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5. Statement of Performance Against Predetermined Objectives

Every year the hospital develops Annual Work Plans (AWPs) that guides on the developments projects, equipment and trainings that are needed to be undertaken as per the hospital needs.

Marimanti Level 4 Hospital has 2 strategic pillars/ themes/issues and objectives in the FY 2023- 2024. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Revenue growth

Pillar/theme/issue 2: Cost efficiency and optimization

Marimanti Level 4 Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. The hospital achieved its performance targets set for the FY 2023/2024 period for its 2 strategic pillars, as indicated in the diagram below:

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|---|--|---|--|---|
| Revenue growth | Increase income | 1.Number of patients and operation 2.Revenue collection report | 1.Review of hospital charges 2.introduction of new services | 1.Increase in revenue collection 2.High level of customer satisfaction |
| Cost efficiency and optimization | Streamline operation, adopt technology and eliminate waste | Number of operation and procedures | 1.Prepare and equip theatre 2.staff training on effective revenue use 3.strengthen of emergence response | Increase in operations and attendance |

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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6. Corporate Governance Statement

Marimanti Hospital is committed to maintaining high standards of corporate governance as an essential foundation for sustainable growth, operational efficiency, and long-term value creation. Our governance framework ensures accountability, transparency, and integrity in all areas of operation while aligning with relevant healthcare regulations and ethical standards.

Governance Framework

The hospital operates under a governance framework that complies with the applicable laws and regulations set by the Ministry of Health and other regulatory bodies in Kenya. The framework is built on a commitment to sound leadership, risk management, performance monitoring, and ethical conduct in service delivery. The governance framework includes Hospital Management Team (HMT) and various sub-committees.

Roles and Responsibilities

a) The Board

Provides strategic direction and approves hospital policies, budgets, and work plans.
Oversees financial management, internal controls, and risk management systems.
Ensures compliance with ethical, professional, and statutory requirements.
Evaluates performance of management and the overall effectiveness of hospital governance.

(b) The Management

The hospital's day-to-day operations are managed by a qualified executive team led by the Medical Superintendent, who is accountable to the Hospital Management Committee
The team prepares performance reports and ensures efficient resource utilization.
It promotes a culture of accountability, service excellence, and patient-centered care and ensures delivery of healthcare services aligned with the hospital's strategic objectives and community needs.

Compliance and Transparency

The hospital is committed to full compliance with: The Public Finance Management Act, The Public Procurement and Asset Disposal Act, The Health Act and other relevant national and county regulations. All operations are guided by transparency, value for money, and prudent management of public resources.

Risk Management and Internal Controls

The Hospital has implemented a robust risk management framework that identifies, assesses, and mitigates operational, clinical, and financial risks. Internal controls are regularly reviewed by the Audit & Risk Committee to ensure their effectiveness in safeguarding the hospital's assets and reputation.

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Ethical Standards and Leadership

The Hospital upholds a strong ethical culture guided by its Code of Conduct and core values: Integrity, Compassion, Accountability, and Excellence. All staff and management are trained on compliance requirements, patient confidentiality, and ethical medical practice.

Stakeholder Engagement

The hospital engages regularly with stakeholders including patients, staff, government authorities, donors, and the local community. Feedback mechanisms such as satisfaction surveys and community forums inform service improvement and strategic planning.

Performance Monitoring

The HMT conducts regular reviews of financial performance, service delivery metrics, and key health outcomes. External and internal audits are undertaken to ensure transparency and accountability in resource utilization.

7. Management Discussion and Analysis

Operational Performance

The hospital has experienced remarkable growth, becoming a facility of choice in the region. Staff have great efforts to improve patient care, demonstrating the financial sustainability of our operations. The hospital has prioritized patient satisfaction, consistently receiving positive feedback for the quality of care, accessibility, and overall experience. Our hospital is fully compliant with all relevant statutory bodies, including KMPDC that regulates clinical practice, with our clinicians adhering to the highest standards of care and ethical guidelines. There is staffing shortages, increasing demand for services, resource constraints, and potential disruptions in supply chains, which could impact our continued growth and service delivery. The staff remain committed to maintaining excellence, efficiency, and continuous improvement in all aspects of our operations.

Clinical/operational performance

The hospital has two major admitting departments i.e. maternity complex (33) and General Ward (46), 2 paediatrics cot(2),1 incubator and casualty(2) (1) respectively.

- TOTAL (81), incubators__4 Cot__5
- AV. Daily outpatient attendance is about 180 patients.
- AV. INPATIENTS 80 / 24 HRS.
- AV. MATERNITY DELIVERIES (normal and caesarean)150-170/Month

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Financial performance: -

Revenue sources

- Revenue sources – County Government of Tharaka Nithi
- Revenue generated in the 2023/2024 F/Y – **Kshs. 32,100,284**

- Utilisation of funds

Pharmaceutical and Non- Pharmaceuticals, Food and ration, stationery, health medical products are managed and supplied from the county procurement of Tharaka Nithi County Government.

Sign



.....

Date: 23rd July 2024

.....

Dr Andrew Njoroge

Medical superintendent

8. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Introduction

The main mandate of Marimanti Hospital is to provide accessible, high-quality, and affordable healthcare services to the population of Tharaka Nithi County and beyond. As a public Level 4 Hospital, it functions as a sub-county hospital offering specialized medical services, including advanced diagnostics, surgical care, maternity services, and emergency care. The hospital is tasked with promoting preventive, curative, and rehabilitative health interventions while training healthcare professionals and supporting research initiatives. Additionally, it ensures compliance with national health policies, manages resources efficiently, and addresses public health challenges in collaboration with the community and stakeholders to improve overall health outcomes.

Strategies

- We have increased and strengthened our revenue stream through automation of revenue collection and reporting.
- Automation of the inventory system through the Afya-Ke ensures that stock status of supplies is monitored, and reordering is only done once we reach the buffer zone. This minimizes wastage of supplies in the departments. In addition, efficient procurement practices ensure we avoid “withholding of inventory” and only essential supplies are procured routinely.
- We have upgraded the hospital infrastructure and equipment to modern standards. Modern OPD Complex with laboratory, enhancing our diagnostic capacity and treatment for our patients.
- We have promoted environmental sustainability through efficient waste management practices, tree planting, rainwater saving and energy saving bulbs.
- Employment of various cadres of staff ensures continuity of quality services. Key staff like medical consultants, doctors, nurses, plaster technicians and radiographers were employed in the past year.

Challenges

- Budgetary constraints that limit funding to hospitals.
- Rising costs of medical supplies compounds the budgetary constraints.

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- Unpredictable influx of patients from the neighbouring counties of Embu and Meru due to strikes by their healthcare workers strains our resources.
- Extreme weather events like prolonged dry seasons leads to erratic water supply to the hospital.
- Inadequate waste management systems.
- Rising cases of lawsuits related to medical malpractice.
- Urban growth with changes in disease patterns. There are increasing incidences of non-communicable diseases like diabetes, high blood pressure, obesity, malnutrition and heart diseases.

ii) Environmental performance

The hospital's environmental performance focuses on safe and sustainable healthcare delivery. Key initiatives include the proper management and disposal of medical and non-medical waste through functional waste segregation systems and incineration. Efforts are being made to adopt energy-efficient technologies, such as solar energy, to reduce energy consumption and operational costs. Water conservation measures, such as rainwater harvesting, have been implemented to address water scarcity. However, challenges such as inadequate waste disposal facilities, limited environmental awareness among staff hinder optimal environmental performance.

iii) Employee welfare

The hospital prioritizes employee welfare by fostering a supportive work environment and addressing staff needs to enhance motivation and productivity. Efforts include holding regular staff meetings, regular training, and opportunities for professional growth. The hospital also ensures access to healthcare services for employees and their families, along with creating mechanisms for addressing grievances and promoting work-life balance. The hospital also offers mental health support to its staff through scheduled counselling sessions and mental health talks

There is also an open-door policy whereby mingle freely with the hospital administration, addressing all feedback promptly without going through numerous levels.

iv) Market place practices-

a) Responsible competition practice

Marimanti Level 4 Hospital :-

- i) Improves quality of healthcare services, maintains high standards in diagnosis, treatment, and patient care to attract patients through trusts and outcomes. Medical staff are trained and facility upgraded to remain competitive through service excellence.
- ii) Maintains ethical marketing and communication by providing truthful, transparent and non-misleading information in advertisements or public communication. The hospital promotes service based on facts, certifications, and genuine patient testimonials.
- iii) Complies with regulations by adhering to guidelines from the Kenya Medical Practitioners and Dentists Council (KMPDC) and county department of Health Services
It ensures proper licensing, staffing ratios and facility standards. It upholds confidentiality, data protection and patients' rights in line with medical ethics.
- iv) Ensures fair pricing practices by setting prices that are transparent, justifiable and non-exploitative and avoids predatory pricing to drive competitors out of business.
- v) Collaborates with other hospitals and health centres for referrals, specialized care, and emergency response networks. The hospital participates in joint health outreach programs and disease prevention initiatives for community benefit.

b) Responsible Supply chain and supplier relations

The hospital maintains strong and collaborative relationships with its suppliers to ensure the consistent availability of essential drugs, medical supplies, and equipment. This is by:-

- i) Ensuring transparent procurement processes by following public procurement laws and county government regulations and keeping clear documentation of procurement decisions and accountability.
- ii) Fair and respectful supplier relations by treating suppliers as partners in service delivery, not just vendors. These partnerships are built on trust, timely payments, and clear communication regarding procurement needs and expectation, and providing feedback and performance reviews to improve service quality.

c) Responsible marketing and advertisement

The hospital practices responsible marketing in the following ways:

- i) Provides truthful and accurate information, ethical promotion with focus on educating the public about available health services rather than competing for patients.
- ii) Uses approved communication channels and ensures communication channels align with ministry of Health communication policies.

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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iii) prioritizes public health education and awareness for examples on hygiene, maternal health, immunization over commercial advertising. It partners with local leaders, schools, and churches to promote preventive health awareness.

iv) Ensuring inclusivity and accessibility by providing equitably to all citizens regardless of gender, age, income, or disability with respect for diversity.

d) Product Stewardship

The hospital takes responsibility for the entire lifecycle of medical products – from procurement, storage, use, to safe disposal- while minimizing health, safety, and environmental risks in the following ways:

i) Responsible product management whereby the hospital procure only approved and high quality medical products in line with Ministry of Health (MOH) and Pharmacy and Poisons Board (PPB) standards. It ensures expiry –date monitoring.

ii) Proper handling and use by training hospital staff on safe use and handling of medicines, chemicals, and medical devices. It displays clear instructions and safety data sheets for all hazardous materials.

iii) Provides adequate information on services such and SHIF and NSSF. The hospital registers patients into SHIF scheme and gives them guidance on how to pay and how the scheme covers.

v) Corporate Social Responsibility / Community Engagements

Marimanti Level 4 Hospital undertakes voluntary commitment to improve the social, economic, and environmental wellbeing of the community. The hospital actively involves in outreach and partnerships to strengthen trust and public participation in the following ways:

i) Organizes free medical camps for screening various diseases such as HIV, diabetes, cancer.

ii) Conducts immunization drives and maternal health outreach in remote areas.

iii) Promotes nutrition, hygiene, and sanitation awareness programs.

iv) Supports tree planting and clean up campaigns around the hospital and community.

v) Promotes energy and water conservation practices within the facility. The hospital has installed solar panels for power.

vi) Participates in local disaster response such as floods and disease outbreaks such as cholera, Kalaazar.

vii) Conducts citizen feedback surveys to improve hospital services as well as public open days to share and listen to community views, and health talks on radio stations in local language.

viii) Celebrates World Health Days such as World Aids day, Maternal Health Days with community events.

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9. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year, which show the state of the Marimanti Level 4 Hospital affairs.

Principal activities

The principal activities of the entity are providing preventive and curative medical treatment

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 5

Board of Management


The members of the Board who served during the year term of service had expired. During the year, no committee member retired/ resigned. The new Board gazettelement was done on 19th July, 2024.

Auditors

The Auditor General is responsible for the statutory audit of the Marimanti Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Management Committee

Thank you



Dr. Andrew Njoroge
Medical Superintendent

Date: 23rd July, 2024

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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10. 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 County Government entity, which give a true and fair view of the state of affairs of the Marimanti Level 4 Hospital at the end of the financial year and the operating results of the Hospital 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 Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

The Board of Management is responsible for the preparation and presentation of the Marimanti Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

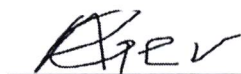
(i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing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

The Board of Management accepts responsibility for the Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that Marimanti Level 4 Hospital financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended June 30, 2025, 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 Hospital financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on **23rd July 2024** and signed on its behalf by:



Dr. Andrew Njoroge
Medical Superintendent

**Marimanti Level 4 Hospital (Tharaka Nithi County Government)
Annual Report and Financial Statements
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11. Report of the Auditor General

The report by Auditor General will be availed upon issuance.

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MARIMANTI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF THARAKA-NITHI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Marimanti Level 4 Hospital – County Government of Tharaka - Nithi set out on pages 1 to 29 which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Marimanti Level 4 Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Account for all Revenue Streams of the Hospital

The statement of financial performance reflects rendering of services - medical service income balance of Kshs.32,100,284 as disclosed in Note 7 to the financial statements. However, review of ledgers and other revenue data provided for audit revealed that revenue was lumped into one pool with no clear distinction of various revenue streams at the Hospital. In addition, audit could not establish how many revenue streams existed at the Hospital as there were no documented evidence but reported only in the financial statements. Further, waivers were not disclosed in the statement of financial performance.

In the circumstances, the accuracy and completeness of rendering of services - medical service income balance of Kshs.32,100,284 could not be confirmed.

2. Unconfirmed Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.29,953 which includes a balance of Kshs.6,198 held in a commercial bank account and Kshs.23,755 held in an M-pesa till as disclosed in Note 12 to the financial statements. However, the bank statement provided for audit for Facility Improvement Finance (FIF) discloses a balance of Kshs.404, which is combined with other health facilities like Chuka, Magutuni and Kibung'a Hospitals within the County. It is not possible to state how much relates to Marimanti level 4 Hospital as a cash book for recording all the revenue collected is not maintained separately. There is no bank reconciliation statement drawn to state the amounts collected by each Hospital inclusive of Marimanti that was provided for audit purpose.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.29,953 could not be confirmed.

3. Inaccurate Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value of Kshs.89,228,997 which includes Buildings, plant and Medical Equipment and Civil works of Kshs.82,474,497, 3,348,750 and 3,405,750 respectively as disclosed in Note 15 to the financial statements. Review of supporting documentation revealed the following anomalies;

- i. Other assets like specialized and non-specialized medical equipment and furniture and fittings were not disclosed.
- ii. Ownership documents for the parcel of land on which the Hospital is built and log books for (two) 2no. motor vehicles were not provided for audit review.
- iii. Physical verification conducted in September, 2025 revealed that numerous assets were either grounded, unserviceable or abandoned within the Hospital compound. Further, the Management did not provide for audit review an approved annual disposal plan for these assets.

In the circumstances, the accuracy and completeness of property, plant and equipment net book value of Kshs.89,228,997 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.35,000,000 and Kshs.32,077,440 respectively resulting to an under-funding of Kshs.2,922,560 or 8% of the budget. Similarly, the Fund spent Kshs.206,311,859 against actual receipts of Kshs.32,077,440 resulting in an over-utilization of Kshs.174,234,419 or 543% of the actual receipts.

The under-funding affected the implementation of planned activities and may have impacted negatively on service delivery to the public.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects account payables balance of Kshs.43,335,735 being trade and other account payables as disclosed in Note 14 to the financial statements. Review of records provided for audit revealed that included in the payables balance is long outstanding trade payables balance of Kshs.12,994,137 which were not settled as at the time of audit. The trade payables were for periods ranging from 1 year

to nine (9) years as at the time of audit. The Management did not provide any plausible explanation as to why suppliers had not been paid for supplies made none (9) years ago.

Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year to which they have to be charged.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Board of Management is responsible for the Other Information set out on pages i to xviii which comprise of Hospital Information and Overall Performance, Statement of Performance Against Hospital's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Hospital's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that Marimanti Sub-County Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficit of 50 as detailed below.

| Staff Requirements | Level 4 Standard | Number in Hospital | Variance | % |
|--|------------------|--------------------|-----------|-----------|
| Medical Officers | 16 | 5 | 11 | 68 |
| Anaesthesiologists | 2 | 0 | 2 | 100 |
| General Surgeons | 2 | 1 | 1 | 50 |
| Gynaecologists | 2 | 1 | 1 | 50 |
| Paediatrics | 2 | 0 | 2 | 100 |
| Radiologists | 2 | 0 | 2 | 100 |
| Kenya Registered Community Health Nurses | 75 | 44 | 31 | 41 |
| Total | 101 | 51 | 50 | 50 |

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

| Equipment | Level 4 Hospital Standard | Actuals in the Hospital | Variance | (%) |
|--|---------------------------|-------------------------|----------|-----|
| Beds | 150 | 88 | 62 | 41 |
| Resuscitaire (2 in Labour & 1 in Theatre) | 3 | 0 | 3 | 100 |
| New Born Unit Incubators | 5 | 4 | 1 | 20 |
| New Born Unit Cots | 5 | 4 | 1 | 20 |
| Functional ICU Beds | 6 | 0 | 6 | 100 |
| High Dependency Unit (HDU) Beds | 6 | 0 | 6 | 100 |
| Renal Unit with at least 5 Dialysis Machines | 5 | 0 | 5 | 100 |
| Two Functional Operational Theatres- Maternity & General | 2 | 2 | 0 | 0 |

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

In the circumstances, the Hospital may not deliver Universal Healthcare as required.

2. Non-adherence to Data Protection Requirements

Review of data handling and interviews conducted revealed that the Hospital has not registered with the Data Commissioner which poses a risk on the protection of sensitive information. The Company is therefore in breach of the Data Protection Act, 2019 which requires registration of data controllers and data processors.

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

3. Wrong Title Naming

The Financial statements are referred to as Marimanti Level 4 Hospital. However, the Licence renewal issued by Medical Practitioners and Dentist Board in July, 2025 referred to the Hospital as Marimanti Sub County Hospital.

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

4. Failure to Prepare Annual Budget for the Facility

The statement of financial performance reflects Kshs.241,607,102 and Kshs.209,107,382 in respect to total revenue and expenditure respectively. However, the Management did not prepare the budget estimates for the reported revenue and expenditure contrary to the requirement of Regulation 29(1) of the Public Finance Management (County Government) Regulations, 2015. Further, the failure to prepare budget for Marimanti Sub-County Hospital Contravened Section 9 (g) of the Facilities Improvement Financing Act, 2023 which requires the County Executive Committee Member to support the implementation of the facility improvement financing by offering planning and budgeting support to health facilities to ensure integration into the county planning and budgeting process on facility improvement financing.

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

5. Non-Compliance with the Law on Reservation of Employment for Persons with Disability

Review of the staff Payroll Data established that the Hospital had a total of One Hundred and Fifty-Eight (158) employees on its payroll. However, 2 or 1% of employees are persons with disability contrary to Section 13 of the Persons with Disability Act which stipulates that the Council shall endeavor to secure the reservation of five per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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

6. Non- Compliance with a Third Basic Salary Pay Rule

Review of the payroll for the month of June, 2024 revealed that certain employees had total statutory and other deductions exceeding two-thirds of their wages leaving a net pay of less than one-third of the employee's wages. This is in contravention of Section 19(3)

of the Employment Act, 2007, which requires employers to ensure that deductions do not exceed two-thirds of an employee's wages at any one time.

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

7. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

The Hospital does not have an operational bank account as per the requirement of Section 20 (1) of Facilities Improvement Financing Act, 2023 which states that there shall be opened and operated a bank account for every entity into which all monies received by and on behalf of the entities for the facility improvement financing shall be paid into.

In addition, the Management of the Hospital did not control the funds collection for the services rendered but is directly transmitted to the County Government of Tharaka Nithi through pay bill Number – 671617. The patients are charged extra charges by paying through the pay bill services.

During the year under review, an amount totalling Kshs.32,100,284 in respect to rendering of services – medical services income. However, an amount of Kshs.25,683,787 was transferred to the County Revenue Fund but there was no reimbursement. The balance of Kshs.6,416,497 was retained by the Hospital.

This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

The bank account quoted on the financial statement is held with Family Bank which had a balance of Kshs.599 controlled by the County Government of Tharaka Nithi. This account is in the name Tharaka District Hospital and not Marimanti Level 4 Hospital, thus it is not possible to verify which entity is being referred to. Further, the Hospital Management do not control this account nor are they signatory to it.

In the absence of a facility bank account and control over financial transactions, Management may not take responsibility over affairs of the entity.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy, Information Communication Technology Policy and Disaster Recovery Plan

Review of records revealed that the Hospital did not have in place, a risk management policy and did not perform formal risk assessments on all key financial risk areas such as revenue, expenditure and fraud review.

Further, the Hospital did not have a disaster recovery plan and information communication technology policy in place to guide continuity of services in case of disruptions.

In the circumstances, existence of risk management strategies, internal controls in fraud prevention and services continuity could not be confirmed.

2. Lack of Health Facility Management Committee

Review of the documents for the Hospital revealed that the facility did not have an operational Health Facility Management Committee contrary to Section 17(1) of the Facilities Improvement Financing Act, 2023 which requires the County Executive Committee Member to appoint not less than seven and not more than nine members to form the Health Facility Management Committee.

In the absence of the Committee, there will be no oversight on the affairs of the Hospital and this may negatively affect delivery of services.

3. Lack of Procurement Unit

Review of procurement documents and processes revealed that the Hospital did not have an independent procurement unit but all procurement of goods works and services are done centrally at the County headquarters contrary to Section 13(a) of the Facilities Improvement Financing Act, 2023 which states that each Sub-County Health Management Team shall, in relation to facility improvement financing shall support health facility management teams in preparing annual and quarterly operational plans, including their respective budgets and procurement plans.

This may result to delays in supply of goods works and services and therefore sustainability of daily operations and promotion of improved and accessibility to health services to the public.

4. Lack of Audit Committee

Review of accountable documents revealed that the Hospital did not have an audit committee contrary to Regulation 167(1) of the Public Finance Management (County Government) regulations 2015 which states that Subject to paragraph (2) of this regulation, each County Government entity shall establish an Audit Committee. This may lead to weak internal controls and therefore resulting to poor service delivery in the Hospital.

In the circumstances, assurance that internal control systems exist and operate as expected, may not be obtained.

5. Operating without an Approved Staff Establishment

Analysis of payroll records showed that the Hospital had a total one hundred sixty-two (162) members of staff. However, the Hospital did not have a staff establishment approved by the Board. This is contrary to Section 26 of the Public Service Commission Act, 2017 which states that, for the purpose of this Part, "establishment of offices in the public service" means the determination and creation of the number and kinds of offices in the public service. The Management therefore, engaged staff without proper mechanisms of identifying existence of vacancies during the year under review.

In the circumstances, it was not possible to ascertain how the staff were held accountable for their jobs and whether there were over and under establishment during the year under review.

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

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
Annual Report and Financial Statements
For The Year Ended 30th June 2024

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

| Description | Note | FY 2023/24 | FY 2022/23 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| In- kind contributions from the County Government | 6 | 209,529,662 | 156,197,910 |
| | | | |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 7 | 32,100,284 | 26,562,020 |
| | | | |
| Total Revenue | | 241,629,946 | 182,759,930 |
| | | | |
| Expenses | | | |
| Employee costs | 8 | 179,545,745 | 170,397,720 |
| Use of Goods and Services | 9 | 36,368,566 | 14,006,229 |
| Depreciation and Amortization | | 2,365,969 | 2,365,969 |
| Total Expenses | | 218,280,280 | 186,769,918 |
| Net Surplus / (Deficit) for the year | | 23,349,666 | (4,009,918) |

The Hospital's financial statements were approved on 23rd July 2024 and signed by:



.....
Accountant
ICPAK No: 21856



.....
Medical Superintendent

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
Annual Report and Financial Statements
For The Year Ended 30th June 2024

13. Statement of Financial Position as at 30 June 2024

| Description | Note | FY 2023/24 | FY 2022/23 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and Cash Equivalents | 12 | 29,953 | 2,135,767 |
| Receivables from Exchange Transactions | 13 | 8,048,351 | 2,916,320 |
| Total Current Assets | | 8,078,304 | 5,052,087 |
| | | | |
| Non-current assets | | | |
| Property, Plant, and Equipment | 15 | 89,228,997 | 91,165,412 |
| Total Non-current Assets | | | |
| | | | |
| Total Assets (A) | | 97,307,301 | 96,217,499 |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Account Payables | 14 | 43,335,735 | 36,256,039 |
| Total Current Liabilities | | | |
| | | | |
| Total Liabilities (B) | | 43,335,735 | 36,256,039 |
| | | | |
| Net Assets (A-B) | | 53,971,566 | 59,961,460 |
| | | | |
| Represented by: | | | |
| Accumulated surplus / Deficit | | (31,939,369) | (25,988,4) |
| Capital Fund | | 85,910,935 | 85,910,935 |
| Net Assets | | 53,971,566 | 59,961,460 |

The Hospital's financial statements were approved on 23 July 2024 and signed by:



.....
Accountant

ICPAK No:21856



.....
Medical Superintendent

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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14. Statement of Changes in Net Asset for The Year Ended 30 June 2024

| Description | Accumulated surplus / Deficit | Capital Fund | Total |
|--|--------------------------------------|---------------------|---------------------|
| As at July 1, 2022 | | | 0 |
| Development Grant | | 85,910,935 | 85,910,935 |
| Surplus/(deficit) for the year | (4,009,918) | | (4,009,918) |
| Transfer to CRF | (21,509,933) | | (21,509,933) |
| As at June 30, 2023 | (25,519,851) | 85,910,935 | 60,391,084 |
| At July 1, 2023 | (25,519,851) | 85,910,935 | 60,391,084 |
| Recognize Cash and Cash Equivalent | 2,136,511 | | 2,136,511 |
| Recognize PPE | | 85,910,935 | 85,910,935 |
| Recognize Account Payables B/F(01 July 2024) | (31,741,759) | | (24,788,829) |
| Surplus/(deficit) for the year | 23,349,666 | | 23,349,666 |
| Transfer to CRF | (25,683,787) | | (25,683,787) |
| At June 30, 2024 | (31,939,369) | 85,910,935 | 53,971,566 |

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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For The Year Ended 30th June 2024

Note: Capital fund

| S/No. | Name/Description | Source Of Funds | Commissioning Date | Cost | Annual Depreciation | Estimated Useful Life |
|--------------|--|------------------------|---------------------------|-------------------|----------------------------|------------------------------|
| 1 | Pathology unit | County Government | 30/06/2018 | 25,500,000 | 510,000 | 50 yrs |
| 2 | Mortuary block | County Government | 30/06/2018 | 8,197,025 | 163,941 | 50 yrs |
| 3 | OPD and gate | County Government | 06/10/2022 | 25,572,034 | 511,441 | 50 yrs |
| 4 | Boundary wall, gatehouse, waiting shed, ablution block & septic tank | County Government | 30/06/2020 | 2,812,670 | 56,253 | 50 yrs |
| 5 | Modern kitchen | County Government | 30-Jun-20 | 5,643,668 | 112,873 | 50 yrs |
| 6 | Waiting bay and ablution block | County Government | 06/10/2021 | 2,555,446 | 51,109 | 50 yrs |
| 7 | Electrical upgrade | County Government | 10/01/2021 | 4,862,121 | 97,242 | 50 yrs |
| 8 | Septic tank | County Government | 21/03/2022 | 2,421,000 | 48,420 | 50 yrs |
| 9 | Landscaping works | County Government | 30/06/2022 | 3,984,230 | 79,684 | 50 yrs |
| 10 | Masonry wall | County Government | 03/04/2022 | 2,580,760 | 51,615 | 50 yrs |
| 11 | Construction of waiting bay | County Government | 15/02/2022 | 1,781,980 | 893,310 | 50 yrs |
| | Total | | | 85,910,935 | | |

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
Annual Report and Financial Statements
For The Year Ended 30th June 2024

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

| Description | Note | FY 2023/24 | FY 2022/23 |
|---|------|--------------------|-------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Rendering of services- Medical Service Income | | 32,100,284 | 26,562,020 |
| Total Receipts | | 32,100,284 | 26,562,020 |
| | | | |
| Payments | | | |
| Refund Paid out (Transfer to CRF) | | 25,683,787 | 21,509,933 |
| | | | |
| Total Payments | | 25,683,787 | 21,509,933 |
| Net cash flows from Operating Activities | | | |
| Net increase / (decrease) in cash and Cash Equivalents | | (2,106,558) | 2,135,767 |
| Cash and cash equivalents as at 1 July 2023 | | 2,136,511 | 0 |
| Cash and cash equivalents as at 30 June 2024 | | 29,953 | 2,135,767 |

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
 Annual Report and Financial Statements
 For The Year Ended 30th June 2024

14. Statement of Comparison Of Budget And Actual Amounts For Year Ended 30 June 2024

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|----------------------|-------------|----------------------|----------------------------|------------------------|------------------|
| | a | B | c=(a+b) | d | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Revenue | | | | | | |
| Rendering of services- Medical Service Income | 35,000,000 | 0 | 35,000,000 | 32,077,440 | 2,922,560 | 92% |
| Total income | 35,000,000 | 0 | 0 | 32,077,440 | 2,922,560 | 92% |
| Expenses | | | | | | |
| Employee Costs | 180,000,000 | 0 | 180,000,000 | 178,816,338 | 1,183,662 | 99% |
| Use of Goods and Services | 35,000,000 | | 35,000,000 | 27,495,521 | 7,504,479 | 79% |
| Surplus for the Year | (180,000,000) | 0 | (180,000,000) | (174,234,019) | (5,765,581) | 97% |
| Capital expenditure | 0 | | | | | 0% |

15. Notes to the Financial Statements

1. General Information

Marimanti Level 4 Hospital is established by and derives its authority and accountability from Tharaka Nithi Health Act, 2023. The entity is wholly owned by Tharaka Nithi County Government and is domiciled in Tharaka Nithi County in Kenya. The entity's principal activity is to provide health services.

2. Statement of Compliance and Basis of Preparation

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

Marimanti Level 4 Hospital (Tharaka Nithi County Government)
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For The Year Ended 30th June 2024

3. Adoption of New and Revised Standards

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

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

iii) Early adoption of standards

The Hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

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Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of *xxxx* on the FY *xxx* budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

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Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

Marimanti Level 4 Hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

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Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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(Notes to Financial Statements Continued)

6. In Kind Contributions from The County Government

| Description | FY 2023/2024 | FY 2022/23 |
|-----------------------------|--------------------|--------------------|
| | KShs | KShs |
| Salaries and wages | 176,931,469 | 156,197,910 |
| Medical Costs | 19,192,928 | |
| General Expenses | 9,769,227 | |
| Repairs and Maintenances | 51,038 | |
| Acquisition of Assets (PPE) | 3,585,000 | |
| Total | 209,529,662 | 156,197,910 |

7. Rendering of Services- Medical Services Income

| Description | FY 2023/24 | FY 2022/23 |
|----------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Rendering Medical Services | 32,100,284 | 26,562,020 |
| Total | 32,100,284 | 26,562,020 |

8. Employee Costs

| Description | FY 2023/24 | FY 2022/23 |
|-----------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries and Wages | 177,191,981 | 170,397,720 |
| Casual employees | 2,353,764 | |
| Total grants in kind | 179,545,745 | 170,397,720 |

9. Use of Goods and Services

| Description | FY 2023/24 | FY 2022/23 |
|-----------------------------|------------|------------|
| | Kshs | Kshs |
| Cleaning Services | 5,176,200 | 2,156,750 |
| Food and rations | 4,416,600 | 3,037,975 |
| Laboratory Reagents | 2,877,350 | 971,220 |
| Maintenance other Assets | 445,193 | 0 |
| Non-Phamaceuticals Supplies | 5,996,878 | 6,996,380 |
| Dental Commodities | 439,374 | |

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| | | |
|----------------------------------|-------------------|-------------------|
| Pharmaceutical Supplies | 5,983,220 | 492,180 |
| Security Services | 1,632,000 | 351,724 |
| Other fuels - firewood, charcoal | 316,800 | 0 |
| X-ray Supplies | 2,058,600 | 0 |
| Electricity Bills | 4,420,866 | 0 |
| Water Bills | 2,605,485 | 0 |
| Total | 36,368,566 | 14,006,229 |

10. Depreciation and Amortization

| Description | FY 2023/24 | FY 2022/23 |
|--------------|------------------|------------------|
| | Kshs | Kshs |
| Depreciation | 2,365,969 | 2,365,969 |
| Total | 2,365,969 | 2,365,969 |

11. Funds Transfer to CRF

| Description | FY 2023/24 | FY 2022/23 |
|------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Revenue Transfer | 25,683,787 | 21,509,933 |
| Total | 25,683,787 | 21,509,933 |

12. Cash and Cash Equivalent

| Description | FY 2023/24 | FY 2022/23 |
|---|---------------|------------------|
| | Kshs | Kshs |
| Tharaka District Hospital Account - Family Bank A/C 054000011535 | 6,198 | 2,136,511 |
| M-pesa Till Number -671617 | 23,755 | - |
| Total | 29,953 | 2,136,511 |

13. Account receivable from Exchange Transactions

| Description | FY 2023/24 | FY 2022/23 |
|--------------|------------------|------------------|
| | Kshs | Kshs |
| NHIF | 8,048,351 | 2,916,320 |
| Total | 8,048,351 | 2,916,320 |

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14. Trade and other account Payables

| Description | FY 2023/24 | FY 2022/23 |
|----------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Civil Works | 0 | 3,585,000 |
| Salaries and Wages | 17,018,597 | 14,199,810 |
| Cleaning Services | 2,588,100 | 2,156,750 |
| Food and rations | 8,026,098 | 3,037,975 |
| Laboratory Reagents | 522,620 | 971,220 |
| Maintenance | 394,156 | 0 |
| Medical Equipments | 4,465,000 | 4,465,000 |
| Dental commodities | 659,824 | 0 |
| Non-Phamaceuticals Supplies | 2,345,88 | 6,996,380 |
| Sanitary and cleansing materials | 540,342 | 492,180 |
| Other fuels - firewood, charcoal | 487,800 | 0 |
| X-ray supplies | 2,058,600 | 0 |
| Security Services | 680,000 | 351,724 |
| Water and sewerage costs | 447,720 | |
| Electricity | 1,751,846 | |
| Stationery | 1,349,150 | |
| Total | 43,335,735 | 36,256,039 |

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Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

| Description | Buildings | Medical equipments | Civil Works and Infrastructure | Total |
|--|-------------------|--------------------|--------------------------------|-------------------|
| | Kshs | | Kshs. | Kshs |
| At 1st July 2023 | 85,910,935 | 4,465,000 | 3,585,000 | 93,960,935 |
| Additions | | | | 0 |
| Disposals | | | | |
| Transfer/adjustments | | | | |
| At 30th June 2024 | 85,910,935 | 4,465,000 | 3,585,000 | 93,960,935 |
| Depreciation and Impairment | 2% | 12.5% | 2.5% | |
| At 1st July 2023 | 1,718,219 | 558,125 | 89,625 | 2,365,969 |
| Depreciation | 1,718,219 | 558,125 | 89,625 | 2,365,969 |
| Disposals | | | | |
| At 30th June 2024 | 3,436,438 | 1,116,250 | 179,250 | 4,731,938 |
| Net Book Values as At 30th June 2024 | 82,474,497 | 3,348,750 | 3,405,750 | 89,228,997 |

Depreciation charge for the year equals balance carried down 30th June 2024 * depreciation rate respectively.

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Notes to the Financial Statements (Continued)

16. Financial Risk Management

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

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

(i) Credit risk

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

| Description | Total amount | Fully performing | Past due | Impaired |
|---|------------------|------------------|----------|----------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | 2,916,320 | 2,916,320 | | |
| Receivables from –non-exchange transactions | 0 | 0 | | |
| Bank balances | 6,198 | 6,198 | | |
| Total | 2,922,518 | 2,922,518 | | |
| At 30 June 2024 | | | | |
| Receivables from exchange transactions | 8,048,351 | 8,048,351 | | |
| Receivables from –non-exchange transactions | 0 | 0 | | |
| Bank balances | 6,198 | 6,198 | | |
| Total | 8,054,549 | 8,054,549 | | |

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Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| At 30 June 2023 | | | | |
| Trade payables | | 36,256,039 | | 36,256,039 |
| Current portion of borrowings | | | | |
| Provisions | | | | |
| Deferred income | | | | |
| Employee benefit obligation | | | | |
| Total | | 36,256,039 | | 36,256,039 |
| At 30 June 2024 | | | | |
| Trade payables | | 33,038,236 | | 33,038,236 |
| Current portion of borrowings | | | | |
| Provisions | | | | |
| Deferred income | | | | |
| Employee benefit obligation | | | | |
| Total | | 33,038,236 | | 33,038,236 |

(iii) Market risk

The hospital has put in place Hospital Management Team function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of

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market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Capital Risk Management

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

| Description | FY 2023/24 | FY 2022/23 |
|---|-------------------|-------------------|
| | Kshs. | Kshs. |
| Revaluation reserve | | |
| Retained earnings | (22,524,734) | (25,949,475) |
| Capital reserve | 85,910,935 | 85,910,935 |
| Total funds | 63,386,201 | 59,961,460 |
| | | |
| Total borrowings | 33,038,236 | 36,256,039 |
| Less: cash and bank balances | -6,198 | -2,135,767 |
| Net debt/ (<i>excess cash and cash equivalents</i>) | 33,032,038 | 34,120,272 |
| Gearing | 52% | 57% |

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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16. Related Party Balances

Nature of related party relationships

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

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

- i) The National Government;
- ii) The County Government;
- iii) Key Management

| Description | FY 2023/24 | FY 2022/23 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Transactions with related parties | | |
| a) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for employees | 178,816,338 | 170,397,720 |
| Payments for goods and services | 28,702,121 | 14,006,229 |
| Total | 207,518,459 | 184,403,949 |
| | | |

17. Events after the Reporting Period

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

18. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health Services. Its ultimate parent is the County Government of Tharaka Nithi County.

19. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

There were no financial statements prepared prior to the period.

Appendix 11: Projects Implemented by The Hospital

There were no projects implemented by the Hospital funded by development partners during the period.

Appendix I11: Reporting of Climate Relevant Expenditures

There were no climate relevant expenditures during the period.