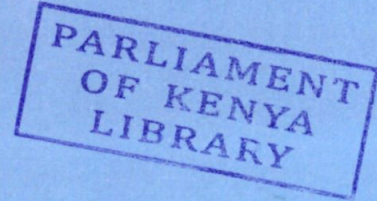


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

WAJIR COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2024

COUNTY GOVERNMENT OF WAJIR

PAPERS LAID	
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WAJIR COUNTY REFERRAL HOSPITAL

(WAJIR COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

FY	Financial year
WCRH	Wajir County Referral Hospital
RCO	Registered clinical officer
NHIF	National health insurance fund
AIE	Authority to incur expenditure
CSR	Corporate social responsibility
IPSAS	International public sector accounting standards
PFM	Public finance management
IPSASB	International public sector accounting standard board
CEO	Chief executive officer
KEMSA	Kenya medical suppliers' authority
PPE	Personal protective equipment
CoG	Council of governors
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.

2. Key Hospital Information and Management

(a) Background information

Wajir County Referral Hospital is a level 4 hospital domiciled in WAJIR County under the Medical services department. The hospital is governed by Hospital Management Team.

(b) Principal Activities

The principal activity of Wajir County Referral hospital is to provide medical services.

Vision:

To be a model centre for provision of acceptable, affordable and sustainable health care in a resource poor environment.

Mission:

To maximize use of our limited resources and opportunities to provide the best possible health services to all.

Core Values

Wajir county referral hospital has values that drive the institution in the decisions that we make. They are as follows;

- Service delivery
- Timeliness
- Customer service
- Efficiency & effectiveness in all individual or group undertakings
- Respect for all in the organization irrespective of background
- Proper utilization of scarce resources
- Humane approach to all
- Cooperation and team work at all times
- Sharing experience and disseminating knowledge

(c) Key Management

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

i) County department of health

It's led by the county executive committee who takes overall responsibility in the day-to-day running of the Hospital on behalf of the Board of Management by;

- ✓ Providing visionary and transformational leadership
- ✓ Overseeing the implementation of the Boards resolutions
- ✓ Support to Board of Management for effective oversight
- ✓ Evaluate the hospital long term healthcare service effectiveness
- ✓ Review and recommend appropriate actions for strategic operational plans and policies
- ✓ Review performance improvement activities and patient's safety efforts
- ✓ Identify, evaluate and implement the scope of services, practice and governance of the hospital
- ✓ Prudent management of resources
- ✓ Formulating long-term strategies and business plans
- ✓ Monitoring and evaluating performance
- ✓ Ensuring effective communication within the Hospital

ii) Board of Management

The key responsibilities for the Board are;

- ✓ Ensure that strategy is aligned with the purpose of the Hospital and legitimate interests and expectations of stakeholders.
- ✓ Ensure that the strategy of the Hospital is aligned to the long-term goals on sustainability so as not to compromise the ability of the future generations to meet their own needs.
- ✓ Approve the Hospital structure.
- ✓ Approve the annual budget of the Hospital.
- ✓ Monitor the Hospital performance and ensure sustainability.
- ✓ Enhance the corporate image of the Hospital.
- ✓ Ensure availability of adequate resources for the achievement of the Hospital objectives.
- ✓ Ensure effective communication with stakeholders.
- ✓ Protect the assets of the Hospital.

iii) Accounting Officer/ Medical Superintendent

These are the responsibilities of the accounting officer of the hospital;

- ✓ The custodian of the hospital's book of accounts
- ✓ Manage all accounting transactions
- ✓ Prepare budget forecast
- ✓ Publish financial statements on time
- ✓ Handle monthly, quarterly and annual closings
- ✓ Reconcile accounts payable and receivable
- ✓ Ensure timely bank payments
- ✓ Compute taxes and prepare tax returns
- ✓ Manage balance sheets and profit/loss statements

iv) Management

- ✓ Serve as a liaison between the staff, management and patients
- ✓ Design and implement short, medium and long-term goals for the medical facility
- ✓ Frame budgets and operational strategy for each department.
- ✓ Oversee the finances of the hospital, including setting the rates for various health services, budgeting and revenue monitoring.
- ✓ Streamline the operational procedures of the facility to provide patients with the best care.

(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 Dahir Somow
2.	Head of finance	CPA Hashim Abdikadir Hassan
3.	Head of supply chain	Yussuf Kheir Abdihakim
4.	Hospital Administrator	Roble Hassan Ibrahim
5.	Director Nursing Services	Mohamed Maalim Hassan

(e) Fiduciary Oversight Arrangements

The oversight arrangements include;

1. Clinical Research and Standards Committee.

- i) Identifying health care service problems in the hospital and ensuring that they are resolved;
- ii) Review any changes on policy issues on standards, quality assurance and research;
- iii) Liaise with the Medical Advisory Committee on matters of quality health care delivery

2. Audit committee

- i) Reviewing quarterly, half-yearly and annual financial statements before submission to the Board;
- ii) Reviewing the performance, objectivity, and independence of external auditors;
- iii) Consideration of audit findings by the external auditors;
- iv) Monitoring and reviewing the effectiveness of the Hospital's internal audit function;

3. Risk Committee

- i) Reviewing the Hospital's internal control and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework.
- ii) Provide a forum for communication between the board, management and external risk management advisors
- iii) Assist the board in its oversight responsibilities by monitoring and advising on operational risks, including clinical risks.

4. County Assembly

- i) Scrutinize Budget estimates and budget documents and make appropriate recommendations;
- ii) Monitors budget performance of the hospital
- iii) Ensure that the relevant hospitals accounts on its expenditure;
- iv) Consider reports of the Auditor-General;

5. Parliamentary committees

- i) Develop a framework to guide and assist County Governments in the establishment of institutional structures for the management of health;
- ii) Coordinate intra and inter agency and governmental consultations on health sector issues, including existing and evolving health policies, legislation, regulations and programmes;
- iii) Coordinate and harmonize CoG views and perspectives on health matters;

iv) Create forums for sharing of emerging issues and best practices, including modalities for prioritization and promotion of health an instrument for socio-economic growth

(f) Hospital Headquarters

Wajir County Referral Hospital,
P.O. Box 2-70200,
Along Airport Road
Wajir Town.

(g) Hospital Contacts

Telephone: (+254721355387/+254729613713)
E-mail: wajircrh@gmail.com

(h) Hospital Bankers

Premier Bank,
Wajir Branch
Account No. 8000602801
WAJIR, Kenya.

Kenya Commercial Bank,
Wajir Branch
Account No. 1308986033
WAJIR, Kenya.

(i) Independent Auditors

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



(j) Principal Legal Adviser




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



(k) County Attorney

P.O. Box.13-70300,
WAJIR, Kenya.

3. Management Team

Ref	Management	Details
1.	 <p>Dr. Dahir Somow Bachelor of Medicine and Bachelor of surgery (MBChB), MBA Healthcare Management.</p>	<p>Medical Superintendent.</p>
2.	 <p>Mr. Mohamed Maalim Hassan Masters in Nursing and Administration</p>	<p>Director Nursing Services</p>
3.		<p>Hospital Administrator.</p>

	 <p>Mr. Roble Hassan Bachelor of Computer Science</p>	
4.	 <p>Alex Mwirigi Bachelor of Science in Medical Laboratory Science</p>	Laboratory Manager
5.	 <p>Dr. Mohamed Abdi Mohamud Bachelor of Pharmacy</p>	Pharmacist Incharge

6.	 <p>Siyad Saney Hassan</p>	Clinical Officer Incharge
7.	 <p>CPA Hashim Abdikadir Hassan Bachelor of Business-Accounting CPA</p>	Head of Finance-Hospital

4. Chairman's Statement.

It is my pleasure to present the hospital's 2023/24 annual report and financial statements. Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

WCRH is putting great emphasis in improvement of communication with our patients, their families and other stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. In an effort to provide timely and accurate information, we have established mechanisms for receiving and resolving customer feedback.

The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the patients.

On behalf of the Board, I would like to thank all our stakeholders especially the Ministry of Health and the County Treasury for the support they continue to accord the hospital without which our achievements would not have been realized. As we move into a new year, I would like to express my gratitude to WCRH staffs, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day. Finally, I strongly believe that our strategy and the staffs in place will consistently drive our growth in the future as has been the case over the years.

MR ROBLE HASSAN IBRAHIM

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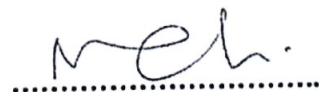
HOSPITAL ADMINISTRATOR.

5. Report of The Medical Superintendent

The Management and Staff of the Hospital recognize the fact that the Hospital operates in an increasingly liberalized political and socio-economic environment. Wajir county referral hospital is part of the larger county health system that provides various services and most importantly is the referral facility for the larger county while it receives referrals from Somalia, Moyale and Mandera as well. The County Referral Hospital being at the apex of the county referral system is guided in its planning, development and provision of health care services by the national and sectoral policies on health, including Kenya Vision 2030, the Constitution, Kenya Health Policy 2012-2030, Kenya Health Sector Strategic and Investment Plan 2012-2017 and global policies such as the Millennium Development Goals and now the Sustainable Development goals, among others.

The prevailing economic and social conditions have adversely impacted on the delivery of health care services in the country. Various services offered in the Hospital have been affected by inadequate funding in relation to budgetary estimates. The Hospital therefore, faces many challenges in its endeavour to provide quality health care.

DR DAHIR SOMOW



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Secretary to the Board

6. Statement of Performance Against Predetermined Objectives

Wajir County Referral hospital has two strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023- FY 2027/2028. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Operational excellence

Pillar/theme/issue 2: Skilled and energetic management team

Wajir County Referral hospital develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Wajir County Referral hospital achieved its performance targets set for the FY 2023/2024 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Operational excellence	Reengineering, policies	Enhance service delivery	customers receive safe, timely, equitable, efficient, effective and patient-centred services.	effective and timely service delivery and efficient utilization of resources
Pillar/ theme/ issue 2: Skilled and energetic management team	Institutionalize leadership and governance performance	alignment of governance, leadership, and all employees to the overall strategic objectives of the organization.	oversight in financial reporting, Safeguarding Hospital assets	vibrant governance system

1) Achieve operational excellence to deliver speed and efficiency

Wajir County Referral hospital needs to deliver a better overall customer experience by aligning processes, reducing timelines and making the whole customer experience from visit to exit a fast and efficient system.

To achieve this goal, the hospital will focus on the following objectives:

- Achieve operational excellence through process reengineering and policies
- Reduce waiting times through automation
- Review and institutionalize robust quality assurance processes
- Maintain excellent outcomes of treatment to reduce morbidity and mortality

2) Strengthen hospital leadership and corporate governance

Wajir County Referral hospital has a young, skilled and energetic management team and a board that exudes wisdom. The hospital is committed to strengthen its capacity in leadership and governance in line with its mission and purpose. This will ensure alignment of governance, leadership, and all employees to the overall strategic objectives of the organization. To achieve this goal, the hospital will focus on the following objectives:

- Develop a focused capacity building program for both the board and the hospital management
- Streamline and strengthen the capacity of board committees
- Institutionalize leadership and governance performance measurement and appraisal systems

7. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Board of Management, Wajir County Referral Hospital remains steadfast in complying with statutory requirements and the Code of Governance for State Corporations (Mwongozo Code 2015) among others.

Role of the Chairman

The Chairman is responsible for the strategic leadership of the board and is pivotal in creating conditions for the overall effectiveness of the board, promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively. He ensures that the Board plays a full and constructive part in the development and determination of the Hospital's strategies and policies. The chairman ensures that board meetings are held as and when necessary and members are supplied with accurate, timely and sufficient information to enable them to discharge their duties effectively.

The roles and responsibilities of the Board include:

- i. Planning and monitoring, clinical services and preventive services.
- ii. Providing oversight in financial reporting to the County government and communication to stakeholders.
- iii. Safeguarding Hospital assets by instituting appropriate internal control systems.
- iv. Ensuring the Hospital complies with all relevant laws and regulations.
- v. Approve the annual budget of the Hospital.
- vi. Monitor the Hospital performance and ensure sustainability
- vii. Ensure availability of adequate resources for the achievement of the Hospital objectives.

Accountability and audit

The Board prepares annual financial statements which reflect a true and fair view of the hospital's financial position as at the end of each fiscal year. The Board of Management ensures that suitable accounting policies supported by reasonable and prudent judgments and estimates are consistently applied. The Board also ensure that financial statements for each financial year are audited. During the year, the Board ensured that the Hospital maintained proper, reasonable and accurate accounting records showing and explaining

The transactions and financial position of the Hospital in compliance with the Public Finance Management Act No.18 of 2012 and the prescribed accounting standards. The Hospital Financial Statements are audited by the Office of the Auditor-General. The Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya. The Board in furtherance of its duties, ensures that the process, structure and internal controls are maintained and adhered to and has internal risk and audit staffs to carry out such functions.

8. Management Discussion and Analysis

WCRH provide healthcare services to Wajir County people and patients from neighbouring sub-counties. Services include, outpatient clinics, inpatient care, accident and emergency. The hospital also provides clinical support services that include laboratory and pharmacy.

The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective and evidence-based. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. lack of enough doctors, nurses, pharmacists, RCOs and budgetary constraints.

Clinical/operational performance

WCRH continues to provide a wide range of highly specialized healthcare services to Kenyans, patients from within Wajir county, and neighbouring counties. Specialized services include, specialized outpatient clinics, inpatient care, day care procedures for surgery, renal, ENT, dental amongst other services and specialized accident and emergency that receives emergency, disaster victims and referred patients. The hospital also provides clinical support services that include gynaecology service, General medicine service, laboratory, pharmacy and radiology. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. In addition, the hospital plays a leading role regionally in the management of disasters and emergencies. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and other challenges.

Below is a summary of the clinical/operational performance

- *Bed capacity of the hospital. 120*
- *Overall patient attendance during the year for both inpatient and outpatient. 26,500*
- *Accident and Emergency attendance 4,100*
- *Specialised clinic attendance 23,900*
- *Average length of stay for in patient. 3.3*
- *Bed occupancy rate 51%*
- *Mortality rate 3.85%*
- *Surgical theatre utilisation (number of operations over a period of time) 2,070*

Financial performance that includes

Revenue sources

The revenue sources of the hospital are AIE from WAJIR county treasury which amounts to 30,000,000 and NHIF (LINDA MAMA).

Utilisation of funds; -

- ✓ Medical/clinical cost amounting to 931,920
- ✓ Employee costs amounting to 21,341,800
- ✓ Repair and maintenance amounting to 10,296,901
- ✓ General expenses amounting to 15,897,260

DR DAHIR SOMOW



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Secretary to the Board

9.Environmental And Sustainability Reporting.

Wajir County Referral Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence.

i) Sustainability strategy and profile

WCRH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that WCRH going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as routine theatre days for elective surgeries
- Public Private Partnership
- Upgrading the hospital to Level V referral to get more funding
- Enhancing Client satisfaction through quality service care
- Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

ii) Environmental performance

WCRH is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy.

1 Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds.

2 Challenges

- Frequent breakdown of the equipment and the cost of repair.
- High cost electricity bill.
- Shortage of staffs.
- Delay of funds disbursement.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board for the recruitment and appointment of new Health care workers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend both short and long courses offered by various institutions.

Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

iv) Market place practices-

a) Responsible competition practice.

This is effectively done through proper use of the available website for advertisement purposes as well as making good use of the instituted internal committees to help minimize anticorruption.

b) Responsible Supply chain and supplier relations

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

c) Responsible marketing and advertisement

Effectively done through the use of website and notice boards

v) Corporate Social Responsibility / Community Engagements

- The hospital offers free medical camps
- The hospital provides waiver services for the less vulnerable
- The department captured more indigents into the NHIF system

10. Report of The Board of Management

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

Principal activities

The principal activity of the hospital is to receive in-patient and out-patient and to provide them medical services.

Results

The results of the hospital for the year ended 30th June, 2024 are set out on page 1 to 9.

Board Of Management

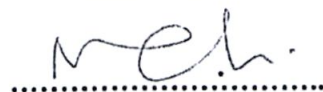
The Board of Management is not constituted awaiting implementation of FIF bill, however during the year the hospital was managed by the Hospital Management shown on page viii.

Auditors

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

By Order of the Board

DR DAHIR SOMOW



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Secretary to the Board

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

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2023, 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's 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 30th September, 2023 and signed on its behalf by:



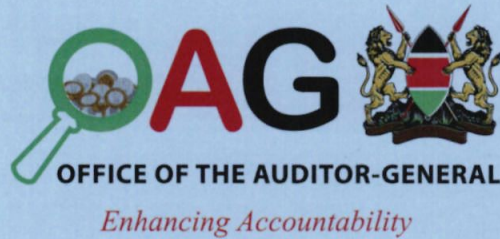
.....
Name: ROBLE HASSAN
Hospital Administrator.



.....
Name: DAHIR SOMOW
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON WAJIR COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF WAJIR

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Wajir County Referral Hospital set out on pages 1 to 36, which comprise of the statement of financial position as at

Report of the Auditor-General on Wajir County Referral Hospital for the year ended 30 June, 2024 - County Government of Wajir

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 Wajir County Referral 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) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Disclosure of Financial Statements

Appendix 1 of the financial statements on progress on follow up on Auditor recommendations did not include issues contained in the Report of the Auditor-General for the 2022/2023 financial year.

In the circumstances, the disclosure on progress on follow up of auditor's recommendations was incomplete.

2. Non-Disclosure of Employee Cost Paid by the County Government

The statement of financial performance reflects employee costs of Kshs.21,341,800 in respect of casual employees and locum as disclosed in Note 10 to the financial statements. However, the amount excludes salaries and allowances of undisclosed amount for permanent employees working at the Hospital which were paid by the County Executive of Wajir. Management did not provide satisfactory explanation for the failure to disclose the expenditure as in-kind contributions in the statement of financial performance.

In the circumstances, the accuracy and completeness of the employee costs of Kshs.21,341,800 could not be confirmed.

3. Non-Disclosure of Other Expenses Paid by the County Government

The statement of financial performance reflects total expenses of Kshs.48,467,881. The County Executive of Wajir procured and paid on behalf of the Hospital pharmaceuticals and non-pharmaceuticals, stationery and catering supplies. However, the expenditure on these items was not disclosed in the financial statements as in-kind contribution.

In the circumstances, the accuracy of total expenses of Kshs.48,467,881 could not be confirmed.

3. Unconfirmed Stock Balance

The statement of financial position reflects Nil inventory balance as at 30 June, 2024. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30 June, 2024. It was therefore not clear how the Hospital determined that there was no inventory balance at the close of the year.

In the circumstances, the valuation, accuracy and completeness of the Nil inventory balance could not be confirmed.

4. Undisclosed Property, Plant and Equipment

The statement of financial position reflects Nil balance in respect of property, plant and equipment. The Hospital owned movable and immovable assets including land, buildings, motor vehicles, medical equipment and computers whose values were not disclosed in the financial statements. Further, the ownership documents for land and motor vehicles were not provided for audit.

In the circumstances, the accuracy, ownership and valuation of property, plant and equipment could not be confirmed.

5. Loss of Revenue Due to In-Patient Abscondment

The statement of financial performance reflects rendering of services revenue of Kshs.8,444,514 as disclosed in Note 8 to the financial statements. The Facility's monthly service workload reports indicated that seventy-two (72) anonymous inpatients who had accumulated undisclosed amounts of Hospital bills sneaked out of the Hospital wards before making payments. It was also noted that this incident was not reported to Management for action. There were no policies and safeguards in place to prevent such cases from occurring. Further, the Hospital did not ensure that in-patients paid deposit before admission. This resulted to some patients leaving the Hospital without making payments due after being discharged resulting in loss of revenue.

In the circumstances, the accuracy and completeness of the revenue from exchange transactions balance of Kshs.8,444,514 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Wajir County Referral 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

Budget and Budgetary Control

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.55,000,000 and Kshs.38,444,514 respectively, resulting to an under-funding of Kshs.16,555,487 or 30% of the budget. Similarly, the Hospital spent an amount of Kshs.48,467,881 against approved expenditure budget of Kshs.55,000,000 resulting to under expenditure of Kshs.6,532,119 or 12% of the approved budget.

In the circumstances, the under-funding affected the implementation of planned activities and may have impacted negatively on the operations of the Hospital.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior year Matters

In the audit report for the previous year, several issues were raised under report on the financial statements and report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the issues as at 30 June, 2024 and no satisfactory reasons were given for the delay in solving the prior year's matters. In addition, the prior year issues were not disclosed under Progress on Follow up of Auditor Recommendations section of the financial statements.

In the circumstances, Management was in breach of Section 31(a) of the Public Audit Act, 2015 which requires that as a preliminary step, the entity must submit a report on how it has addressed the recommendations and findings of the previous year's audit

Other Information

The Management is responsible for the other information set out on page v to xxvi which comprises of Key Hospital Information and Management, Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact.

Incorrect Presentation of the Statement of Performance Against Pre- Determined Objectives

The statement of performance against predetermined objectives indicates two (2) key pillars in the Hospital strategic plan which include operational excellence and skilled and energetic management team. However, the activities and achievements in terms of outputs indicated were not specific and measurable. It was therefore not possible to establish levels of performance achieved against set targets.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects 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. Failure to Prepare Estimates of Income and Expenditure

The Management did not prepare estimates of income and expenditure and submit the same to the respective County Executive Committee Members as required. Although the statement of comparison of budget and actual amounts was prepared and included in the financial statements, the source and validity of the budget amounts reflected in the statement could not be confirmed. The Hospital operated without an approved budget during the year under review. This was contrary to Section 149(2) (h-i) of the Public Finance Management, 2012 which provides that an accounting officer shall, in respect of the entity concerned prepare estimates of expenditure of the entity in conformity with the strategic plan of the entity and submit the estimates of an entity, which is not a County Corporation to the County Executive Committee member for finance.

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

2. Management of National Health Insurance Fund (NHIF)

During the year under review, the Hospital made NHIF and Linda Mama programme claims in regards to inpatient and outpatient services and received reimbursement totalling Kshs.57,246,670. However, review of revenue records revealed that an amount of Kshs.48,802,156 was transferred to County Revenue Fund (CRF), contrary to Section 5(1) of Facilities Improvement Financing Act, 2023 that requires retention of all revenues realized by the Hospital.

Failure to retain amounts reimbursed by NHIF may have resulted to diversion of the funds to other activities resulting in provision of inadequate services due to under-funding of the Hospital.

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

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

Review of Hospital records and interviews conducted on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficits as analyzed below:

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	22	-	-
Anesthesiologist	2	0	2	100
General Surgeons	2	3	-	-
Gynecology	2	3	-	-
Pediatrics	2	3	-	-
Radiologist	2	1	1	50
Kenya Registered Community Health Nurses	75	120	-	-
Total	101	152		

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	120	30	20
Resuscitaire (2 in Labor & 1 in Theatre)	3	4	-	-
New Born Unit Incubators	5	7	-	-
New Born Unit Cots	5	3	2	40
Functional ICU Beds	6	0	6	100

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
High Dependency Unit (HDU) Beds	6	2	4	33
Renal Unit with at least 5 Dialysis Machines	5	6	-	-
Two Functional Operational Theatres-Maternity & General	2	2	-	-

The deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing highest attainable standards 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 been achieved.

Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

Management was therefore in breach of the law.

The audit was conducted in accordance with ISSAIs 3000 and 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 effects 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 Approved Staff Establishment

During the year under review, the Hospital's staff returns revealed a total of two hundred and sixty-nine (269) employees out of which one hundred and eight (108) were nurses attached to each department. However, the approved Hospital's annual work plan for the

year and approved staff establishment was not provided for audit verification. Further, the Hospital did not have a human resource policy manual.

In the circumstances, it was not possible to confirm the effectiveness internal controls on if human resource management.

2. Lack of Internal Audit Function and Audit Committee

The Hospital did not have an audit committee. This was contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which provides that each County Government entity shall establish an audit committee. In addition, the Hospital did not have an internal audit unit. This was contrary to Section 155(1)(a) of the Public Finance Management Act, 2012 which provides that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of governance systems, checks and balances in the Hospital could not be confirmed.

3. Lack of Key Management Policies

The Hospital did not put in place key policies including human resource policy manual, debt policy, finance manual, risk management policy and business continuity plan during the year under review.

Lack of key policies and manuals may result in the Hospital deviating from its goals and overall strategic objectives which may affect overall governance of the Hospital.

4. Weaknesses in Information Technology (IT) Internal Controls

The Hospital did not put in place effective Information Communication Technology (ICT) controls and establish an Information Technology (IT) department despite existence of IT systems including Hospital Insurance Centre Services (HICS) for billing of NHIF claims and Linda mama together with the District Information Health Centre (DIHC). It was also noted that the Hospital did not have an approved Information Technology Security Policy, IT Strategic Plan and IT Continuity Plan. As a result, critical data/information may not be recovered in case of occurrence of a disaster or cyber-attack.

In the circumstances, the Hospital lacked effective Information Technology (IT) Internal Controls.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

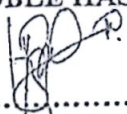
19 December, 2024

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

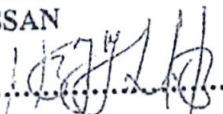
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	30,000,000	10,500,000
Grants from donors and development partners	7	-	-
Revenue from exchange transactions			
Rendering of Services-Medical Service Income	8	8,444,514	55,262,030
Total revenue		38,444,514	65,762,030
Expenses			
Medical/Clinical costs	9	931,920	31,635,310
Employee costs	10	21,341,800	13,227,894
Depreciation and amortization expense	11	-	-
Repairs and maintenance	12	10,296,901	6,229,978
General expenses	13	15,897,260	16,440,715
Total expenses		48,467,881	67,533,897
Net Surplus / (Deficit) for the year		(10,023,368)	(1,771,867)

The Hospital's financial statements were approved by the Hospital Management Team on 30th June, 2024 and signed on its behalf by:

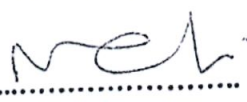
ROBLE HASSAN


.....
Hospital Administrator.

HASHIM ABDIKADIR
HASSAN


.....
Head of Finance
ICPAK No: 20615

DR DAHIR SOMOW


.....
Medical Superintendent

WAJIR COUNTY REFERRAL HOSPITAL (WAIJR COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2024

14. Statement of Financial Position as of 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	166,622	10,189,990
Receivables from exchange transactions	15	5,356,947	5,356,947
Inventories	16	0	0
Total Current Assets		5,523,569	15,546,937
Non-current assets			
Property, plant, and equipment	17	0	0
Total Non-current Assets		0	0
Total assets		5,523,569	15,546,937
Liabilities			
Current liabilities			
Trade and other payables		0	0
Refundable deposits from customers/Patients		0	0
Provisions		0	0
Total Current Liabilities		0	0
Total Liabilities		0	0
Net assets			
Revaluation reserve		0	0
Accumulated surplus/Deficit		-10,023,368	-1,771,867
Capital Fund (Previous Balance)		15,546,937	17,318,804
Total Net Assets and Liabilities		5,523,569	15,546,937

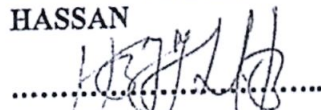
The Hospital's financial statements were approved by the Hospital Management Team on 30th June, 2024 and signed on its behalf by:

ROBLE HASSAN



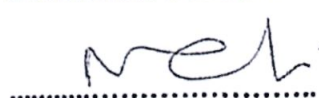
.....
Hospital Administrator.

**HASHIM ABDIKADIR
HASSAN**



.....
Head of Finance
ICPAK No: 20615

DR DAHIR SOMOW



.....
Medical Superintendent

15. Statement of Changes in Net Assets for the year Ended 30 June 2024

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)	-	17,318,804	-	17,318,804
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-1,771,867	-	-1,771,867
Capital/Development grants	-	-	-	-
As at June 30, 2023 (previous year)	-	15,546,937	-	15,546,937
At July 1, 2023 (current year)	-	15,546,937	-	15,546,937
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-10,023,368	-	-10,023,368
Capital/Development grants	-	-	-	-
At June 30, 2024 (current year)	-	5,523,569	-	5,523,569

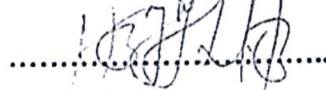
The Hospital's financial statements were approved by the Hospital Management Team on 30th June, 2024 and signed on its behalf by:

ROBLE HASSAN



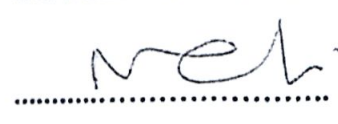
.....
Hospital Administrator.

HASHIM ABDIKADIR
HASSAN



Head of Finance
ICPAK No: 20615

DR DAHIR SOMOW



.....
Medical Superintendent

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

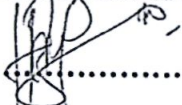
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	30,000,000	10,500,000
Grants from donors and development partners	7	-	-
Rendering of Services-Medical Service Income	8	8,444,514	49,905,083
Total Receipts		38,444,514	60,405,083
Payments			
Medical/Clinical costs	9	931,920	31,635,310
Employee costs	10	21,341,800	13,227,894
Repairs and maintenance	12	10,296,901	6,229,978
General expenses	13	15,897,260	16,440,715
Total expenses		48,467,881	67,533,897
Net cash flows from operating activities		-10,023,368	-7,128,814
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets	17	0	0
Proceeds from the sale of property, plant, and equipment		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		-10,023,368	-7,128,814
Cash and cash equivalents as at 1 July	13	10,189,990	17,318,804
Cash and cash equivalents as at 30 June	13	166,622	10,189,990

17. Statement Of Comparison of Budget and Actual Amounts For The 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						
Transfers from the County Government	35,000,000	0	35,000,000	30,000,000	5,000,000	86%
Grants from donors and development partners	0	0	0	0	0	
Rendering of Services-Medical Service Income	20,000,000		20,000,000	8,444,514	11,555,487	42%
Total income	55,000,000	0	55,000,000	38,444,514	16,555,487	70%
Expenses						
Medical/Clinical costs	4,000,000	0	4,000,000	931,920	3,068,080	23%
Employee costs	22,000,000	0	22,000,000	21,341,800	658,200	97%
Repairs and maintenance	12,000,000	0	12,000,000	10,296,901	1,703,099	86%
General expenses	17,000,000	0	17,000,000	15,897,260	1,102,740	94%
Total Expenses	55,000,000	0	55,000,000	48,467,881	6,532,119	88%
Surplus for the period	0	0	0	-10,023,368	10,023,368	
Capital expenditure	0	0	0	0	0	%

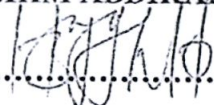
The notes set out on pages form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 30th June, 2024 and signed on its behalf by:

ROBLE HASSAN


.....

Hospital Administrator.

HASHIM ABDIKADIR HASSAN


.....

Head of Finance

ICPAK No: 20615

DR DAHIR SOMOW


.....

Medical Superintendent

18. Notes To the Financial Statements

1. General Information

Wajir County Referral Hospital is established by and derives its authority and accountability from Health Act 2017. The hospital is wholly owned by the Wajir County Government of Kenya and is domiciled in Wajir Kenya. The hospital's principal activity is providing medical 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 WCRH's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the WCRH.

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2025:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Hospital’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Hospital’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2025</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Hospital provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Hospital; (b) The key features of the operation of those social benefit schemes; and

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2024

	(c) The impact of such social benefits provided on the Hospital's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2025:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Hospital.</p>

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2024

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

ii. Early adoption of standards

The hospital did not early – adopt any new or amended standards in the year 23/24.

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 WCRH and can be measured reliably.

Notes to the Financial Statements (Continued)

Revenue from exchange transactions

Rendering of services

The hospital 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 hospital.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the hospital's right to receive payments is established.

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2023/24 was approved by Board on 30th June, 2023. 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 hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of *Kshs 30,00,000* on the FY 2023/24 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 3 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

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

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

Following initial recognition of an asset, the asset 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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Hospital determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Hospital has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Hospital assesses at each reporting date whether there is objective evidence that a financial asset or an hospital of financial assets is impaired. A financial asset or an hospital of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an hospital of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Loans and borrowing

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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 Hospital.

j) Provisions

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

Notes to the Financial Statements (Continued)

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

Contingent liabilities

The Hospital 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.

Contingent assets

The Hospital 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 Hospital 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.

k) Nature and purpose of reserves

The Hospital creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The 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.

m) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

n) 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.

o) 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.

p) Related parties

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

q) Service concession arrangements

The Hospital 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 Hospital 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 Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, 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 Hospital 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 Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Notes to the Financial Statements (Continued)

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 Hospital.
- 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. There are no additional disclosure of these estimates of provisions.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
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6. Transfers From The County Government

Description	2023/24	2022/23
	KShs	KShs
Unconditional grants		
Operational grant	30,000,000	10,500,000
Total government grants and subsidies	30,000,000	10,500,000

6 (a) Transfers from The County Government

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Total 2022/23
			KShs	KShs	KShs
Wajir County Government	30,000,000	-	0	30,000,000	10,500,000
Total	30,000,000	-	0	30,000,000	10,500,000

7. Grants From Donors and Development Partners

Description	2023/24	2022/23
	KShs	KShs
Other grants (Smile Train)	-	-
Total grants from development partners	-	-

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

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Total 2022-2023
	KShs	KShs	KShs	KShs	KShs
Other grants (Smile Train)	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
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Notes to the Financial Statements (Continued)

8. Rendering of Services-Medical Service Income

Description	2023-2024	2022-2023
	KShs	KShs
NHIF Reimbursements	57,246,670	49,905,083
Less NHIF Transfers to CRF	-48,802,156	
Outstanding Reimbursements (Receivables)	0	5,356,947
Total revenue from the rendering of services	8,444,514	55,262,030

9. Medical/ Clinical Costs

Description	2023-2024	2022-2023
	KShs	KShs
Purchase of medical gases	-	-
Pharmaceutical supplies	931,920	8,852,487
Laboratory chemicals and reagents	-	5,501,602
Dressing and non-pharmaceutical supplies	-	15,788,221
Other Medical costs	-	1,493,000
Total medical/ clinical costs	931,920	31,635,310

10. Employee Costs

Description	2023-2024	2022-2023
	KShs	KShs
Salaries and Wages (Causal Employees)	6,076,600	5,376,430
Other Employee costs (locum)	14,960,000	7,522,500
Social Contributions (NHIF and NSSF)	305,200	328,964
Employee costs	21,341,800	13,227,894

11. Depreciation And Amortization Expense

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Total depreciation and amortization	0.00	0.00

Notes to the Financial Statements (Continued)

12. Repairs And Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Property- Buildings	1,900,000	1,194,068
Maintenance-others	3,520,901	5,035,910
Equipements	4,876,000.00	-
Total repairs and maintenance	10,296,901	6,229,978

13. General Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Catering expenses	1,552,900	3,769,180
Waste management expenses	456,000	639,000
Travel Accommodation and Expenses	5,341,316	3,991,410
Printing and stationery	-	2,862,170
Fuel and Lubricants	-	2,470,087
Electricity Expenses	6,130,000	-
Subscription to professional bodies	-	293,726
Training	1,995,650	-
Other general expenses	421,394	2,396,000
Bank charges	-	19,142
Total General Expenses	15,897,260	16,440,715

14. Cash and Cash Equivalentents

Description	2023-2024	2022-2023
	KShs	KShs
Current accounts	166,622	10,189,990
Cash in hand	0	0
Total cash and cash equivalentents	166,622	10,189,990

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
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Notes to the Financial Statements (Continued)

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

Description		2023-2024	2022-2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1308986033	81,708	71,864
First Community Bank/Premier Bank	8000602801	34,948	34,948
Kenya Commercial bank (NHIF)	1171430051	49,966	10,083,178
Sub- total		166,622	10,189,990
b) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		166,622	10,189,990

15. Receivables From Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Medical services receivables	5,356,947	5,356,947
Total receivables	5,356,947	5,356,947

16. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Pharmaceutical supplies	0.00	0.00
Maintenance supplies	0.00	0.00
Food supplies	0.00	0.00
Linen and clothing supplies	0.00	0.00
Cleaning materials supplies	0.00	0.00
General supplies	0.00	0.00
Less: provision for impairment of stocks	(0.00)	(0.00)
Total	0.00	0.00

WAIJR COUNTY REFERRAL HOSPITAL (WAIJR COUNTY GOVERNMENT)
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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	-	-	0.00	0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Transfers/adjustments	0.00	0.00	(0.00)	0.00			0.00	(0.00)
At 30th June 2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 1 st July 2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Transfer/adjustments		0.00		0.00			(0.00)	-
At 30th June 2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and impairment								
At 1 July 2022	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Depreciation for the year	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)		(0.00)
Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)		(0.00)

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At 30 June 2023	0.00	0.00	0.00	0.00	0.00	0.00		0.00
At July 2023	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)		(0.00)
Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)		(0.00)
Transfer/adjustment		0.00	-	0.00	-	-	(0.00)	(0.00)
At 30 th June 2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net book values								
At 30 th June 2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30 th June 2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Notes to the Financial Statements (Continued)

18. Intangible Assets-Software

Description	2023-2024	2022-2023
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
Additions-Internal development	0.00	0.00
Disposal	(0.00)	(0.00)
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization for the period	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

19. Trade And Other Payables

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	0.00	0.00
Employee dues	0.00	0.00
Third-party payments (<i>unremitted payroll deductions</i>)	0.00	0.00
Audit fee		
Doctors' fee	0.00	0.00
Total trade and other payables	0.00	0.00

Notes to the Financial Statements (Continued)

20. Financial Risk Management

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

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

(i) Credit risk

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

WAJIR COUNTY REFERRAL HOSPITAL (WAJIR COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	5,356,947	5,356,947	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	10,189,990	10,189,990	0.00	0.00
Total	15,546,937	15,546,937	0.00	0.00
At 30 June 2024				
Receivables from exchange transactions	5,356,947	5,356,947	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	166,622	166,622	0.00	0.00
Total	5,523,569	5,523,569	0.00	0.00

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from July 2023.

The board of management sets the company’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2024				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

(iii) Market risk

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

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Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

The hospital has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2024			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 1 (2023: KShs1). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 3,593 (2023 – KShs 3,593).

iv) Capital Risk Management

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

	2023/24	2022/23
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	(0.00)	(0.00)
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0.00%	0.00%

21. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Auditor general;
- iv) Controller of budget;
- v) County government;

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- vi) Notes to the Financial Statements (Continued)
- vii) Key management;
- viii) Board of directors;

Description	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from County Government	30,000,000	10,500,000
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	30,000,000	10,500,000
Total	30,000,000	10,500,000

Notes to the Financial Statements (Continued)

22. Events After The Reporting Period

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

23. Ultimate and Holding Hospital

The hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the County Government of Wajir.

24. Currency

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

19. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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



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Accounting Officer

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APPENDIX II: Projects Implemented by The Hospital

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. None						
2						

Status of Projects completion

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

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APPENDIX III: Inter-Hospital Confirmation Letter


Wajir County Referral Hospital
P.O.Box 2-70200
Wajir, Kenya

The *Wajir County Referral Hospital* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Wajir County Referral Hospital as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2024				Amount Received by [beneficiary hospital] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		30,000,000	-	-	30,000,000	30,000,000	-
Total		30,000,000	-	-	30,000,000	30,000,000	-

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

Head of Accountants department of beneficiary hospital:

Name HASHIM ABDIKADIR Sign  Date. 30/9/2024