

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

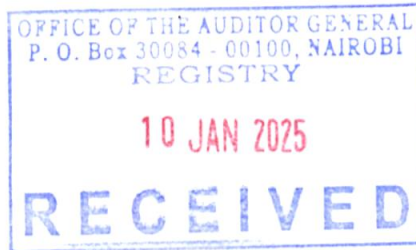
ON

MACHAKOS LEVEL 5 HOSPITAL

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

COUNTY GOVERNMENT OF MACHAKOS

PAPERS LAID
DATE: 13/2/2025
SUBMITTED BY: Majority Whip
COMMITTEE:
CLERK AT THE TABLE: Mbayi



Machakos Level 5 HOSPITAL (Machakos 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)

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Table of Contents

| | |
|--|------|
| 1. Acronyms & Glossary of Terms | ii |
| 2. Key Entity Information and Management..... | iii |
| 3. Key Management Team | vi |
| 4. CECM-Health Statement..... | vii |
| 5. Report of The Medical Superintendent | viii |
| 6. Statement of Performance Against Predetermined Objectives | ix |
| 7. Corporate Governance Statement..... | x |
| 8. Management Discussion and Analysis..... | xi |
| 9. Environmental And Sustainability Reporting | xvii |
| 10. Report of the Independent Auditor (<i>Kenya National Audit</i>)..... | xx |
| 11. Statement of Financial Performance for The Year Ended 30 June 2024 | 1 |
| 12. Statement of Financial Position As At 30 th June 2024..... | 3 |
| 13. Statement of Changes in Net Asset for The Year Ended 30 June 2024..... | 5 |
| 14. Statement of Cash Flows for The Year Ended 30 June 2024..... | 6 |
| 15. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024..... | 8 |
| 16. Notes to the Financial Statements | 10 |
| 17. Appendices | 54 |
| Management of Pharmaceutical Supplies (Drugs)..... | 57 |

1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| CECM | County Executive Committee Member |
| MED SUP | Medical Superintendent |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |
| CPA | Certified Public Accountant |
| ICPAK | Institute of Certified Public Accountant |
| PSASB | Public Sector Accounting Standard Board |
| IPSAS | International Public Sector Accounting Standards |
| FIF | Facility Improvement Fund |

2. Key Entity Information and Management

(a) Background information

Machakos Level 5 Hospital is a regional referral hospital and registered by the Kenya Medical Practitioners and Dentists Council under reference number GK-000070 and is domiciled in MACHAKOS County in the HEALTH Department. The hospital is governed by the Department of Health under Chief Executive Committee member for Health, Chief officer and The Hospital Management Committee under the Medical Superintendent.

(b) Principal Activities

The principal activity of the hospital is to provide curative and rehabilitative HEALTH SERVICES. The Hospital has also undertaken to train Medical as well as Management trainees on their practical experience from various higher institutions of learning KMTC, Amref University, Kenyatta University, South Eastern University, Machakos University, Mt: Kenya University among others.

Mission

Provision of comprehensive health care to all by offering quality services to all patients and clients.

Vision

Provision of timely, Accurate, Efficient and Effective client friendly healthcare to patients

Core Objective;

Commitment by all to provide high quality health care services to all our clients with dignity, professionalism and within the shortest time possible.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Management Team
- Expenditure Executive Committee

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|---------------------------------|----------------------------|
| 1. | Medical Superintendent | Dr. Daniel Katua |
| 2. | Head of Finance And Accounts | CPA Charles Wanderi |
| 3. | Head of Supply Chain | Mrs. Mary Kamili |
| 4. | Hospital Administrative Officer | Mr. Richard Yotta |
| 5. | Nursing Services Manager | Mrs. Juliana Muendo |

(e) Fiduciary Oversight Arrangements

- **County Assembly**
County Assembly Committee on Health oversees operations in all hospitals and health facilities in County Health Sector.
- **Clinical Research Committee**
This committee is involved in co-ordination and regulating research activities in the Hospital. The committee links with an ethics review committee done jointly between the hospital and Machakos University.
- **Executive Expenditure Committee**
The executive committee is the hospital committee that rationalizes budgets for all funds received in the hospital.
- **Hospital Management Committee/ Hospital Management Team (HMT)**
It is made up of departmental heads and is responsible for operations and management of the hospital.
- **Waiver Committee**
The committee is mandated to oversee and evaluate the needy patients through the social worker who conducts an interview of patient's social status

Key Entity Information and Management

(f) Entity Headquarters

P.O. Box 2574-90100
Machakos-Wote Highway
MACHAKOS, KENYA

(g) Entity Contacts

Telephone: (+254) 045 4420 575
E-mail: machakoshospital@gmail.com
Website:

(h) Entity Bankers

KCB Bank
Kenya Account No. 1312775874
Machakos Branch

(i) Independent Auditors

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





(j) Principal Legal Adviser

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

(k) County Attorney

The County Attorney County
Law Office P.O. Box 1996-
90100
Mwatu Wa Ngoma Road
Machakos, Kenya

3. Key Management Team

| Ref | Management | Details |
|-----|--|--|
| 1. | <p>Dr. Katua K. Daniel The Medical Superintendent</p>  | <p>Deputy Director of Medical Services, Bachelor of Medicine and Surgeries (MBCh.b) University of Nairobi, Master of Medicine (MMed-Fam.Med) Moi University. Nineteen (19) years in practice of both Medicine and Surgery as well as Health Management. Others, Consultant, Certificate in Strategic Leadership and Management in Health, Certificate in adult and Paediatric HIV/AIDS Management, Certificate in non-operative management of fractures.</p> |
| 2. | <p>Mr. Richard Yotta Health Administrative Officer</p>  | <p>Pursuing Masters in Science in Health Systems Management from Kenya Methodist University, Bachelor of Arts University of Nairobi, Several Courses in Leadership and Human Resource Management, Financial Management, Procurement and Performance Contracting from Kenya School of Government, Certificate in Health Leadership from Human Children Hospital- China</p> |
| 3. | <p>CPA Charles Wanderi Head of Finance and Accounts</p>  | <p>Certified Public Accountant of Kenya CPA(K) and member No. 12002 of the Institute of Certified Public Accountants of Kenya (ICPAK). Has been appointed in ICPAK Counsel committee member of Finance and Strategy Committee 2021- 2023, Board of Management BoM Highridge High School (An-extra County School). Holder of Masters in Business Administration-Finance MBA-Finance from Moi University, Strategic Leadership Development Program (SLDP) from KSG, Senior Management Course (SMC) from KSG among other Leadership and Management Courses. Was the President of the Senior Management Course (SMC-156 of 2022). A seasoned leader, experienced in Matters of Finance and Accounts for more than 25 years in Telecommunication industry, Manufacturing industry as well as Health Sector.</p> |
| 4. | <p>Mrs. Juliana Muendo Nursing Service Manager</p>  | <p>Bsc Nursing from Mount Kenya University School of Nursing and Mid-Wifery. Eight (8) years Nurse Manager in Paediatric, Five (5) years in Maternal Child Health Clinic, Departmental Manager in Medical for two (2) years and two (2) years in Maternity Department. Currently Nursing Service Manager.</p> |

4. CECM-Health Statement

Machakos Level 5 Hospital is a regional referral hospital and registered by the Kenya Medical Practitioners and Dentists Council under reference number GK-000070. The hospital history dates back in 1922 when it was established as health center for world war 1 casualties and over the years it has grown to be a regional hospital having been upgraded to be level 5 hospital. The hospital is governed by the Department of Health under County Executive Committee Member for Health, Chief Officer Medical Services and The Hospital Management Committee under the Medical Superintendent.

The principal activities of the hospital is to provide curative and rehabilitative health services. The Hospital has also undertaken to train Medical as well as Management trainees on their practical experience from various higher institutions of learning to mention the few; KMTC, Amref University, Kenyatta University, South Eastern University, Machakos University, Strathmore University, Egerton University, Mt: Kenya University among other higher learning institutions.

During the year in review, the Hospital generated revenue from service provision amounting to **Kshs. 156,554,540** being Facility Improvement Fund (FIF) collection of **Kshs. 65,682,008** and claims to NHIF on services provided of **Kshs. 90,872,532**. Cash Transfers to the Hospital from the County Treasury amounted to **Kshs. 19,533,000** and NHIF reimbursements was **Kshs. 41,462,717** and therefore, the total available funds for the Hospital's use during the year being **Kshs. 61,986,917**.

The Hospital Annual report has been prepared in accordance to the International Public Sector Accounting Standards (IPSAS) as guided by the Public Sector Accounting Standards Board (PSASB). It is worth noting that the hospital currently does not have board as required by the FIF Act to oversee the implementation of FIF in the hospital. We are however in consultation with the County Assembly in engaging the public for their participation for the purposes of enacting FIF County regulations to operationalize FIF Act.

Kasivu J: Sign.....

CECM-Health

5. Report of The Medical Superintendent

Machakos Level 5 Hospital finances its operations through funds received from the county Government treasury through Current Transfers and commodities procured by the county directly from Suppliers Mainly Pharmaceuticals and Non pharmaceutical items. The Hospital has capacity to effectively and efficiently finance her activities through the internal sources of revenue in form of Facility Improvement fund (FIF) and through NHIF Claims. During the period, the only funds available for hospital spending are transfers from the county Treasury and some transfers received from NHIF towards the end of financial year. Facility Improvement funds and NHIF re-imburements have been paid into the county revenue account and therefore not available to the Hospital management for use. This has brought up the Hospital financing gap and thereby delaying or scaling down the services offered. During the year, the Hospital generated revenue from service provision amounting to **Kshs. 156,554,540** being Facility Improvement Fund (FIF) collection of Kshs. **65,682,008** and claims to NHIF on services provided of **Kshs. 90,872,532**. Cash Transfers to the Hospital from the County Treasury amounted to **Kshs. 19,533,000** and NHIF reimbursements was **Kshs. 41,462,717** and therefore, the total available funds for the Hospital use during the year being **Kshs. 61,986,917**.

Name: Kasivu J: Sign.....
CECM - Health

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

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

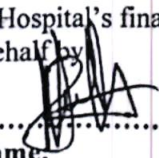
The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2024, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

Nothing has come to the attention of the Board of management to indicate that the *entity* 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 31/12/2025 and signed on its behalf by

.....
Name: 
CECM-HEALTH

.....
Name: 
Accounting Officer

6. Statement of Performance Against Predetermined Objectives

As required by Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012, for the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives, the facility managed to undertake activities in all areas of health care; Promotive, Preventive, Curative and Rehabilitative.

Under Promotive services, key activities included: -

- Occasional health talks at the outpatient clinic
- Weekly continuous medical education forums
- Occasional Sensitization Programmes within the town and it's environment
- Installation of a television set at outpatient area to air educative programs

In the preventive category, the facility managed to achieve the following: -

- Conducting continuous immunizations within the peri-urban areas
- Conducting immunization exercises for routine vaccines continuously
- Screening exercises at the facility and village level for non-communicable diseases
- Administration of de-wormers and vitamin A at Nursery schools

Curative programme entailed: -

- Daily attendance to patients at out-patient department
- Admitting the very sick for in-patient management
- Conducting weekly out-patient clinics
- Performing surgical and obstetric procedures to the deserving
- Ensuring availability of necessary commodities for patient management
- Timely referral for critical cases requiring further management
- Accident and Emergency Services
- High Dependency (HDU) and Intensive Care Unit Services (ICU)
- Psychiatric Services

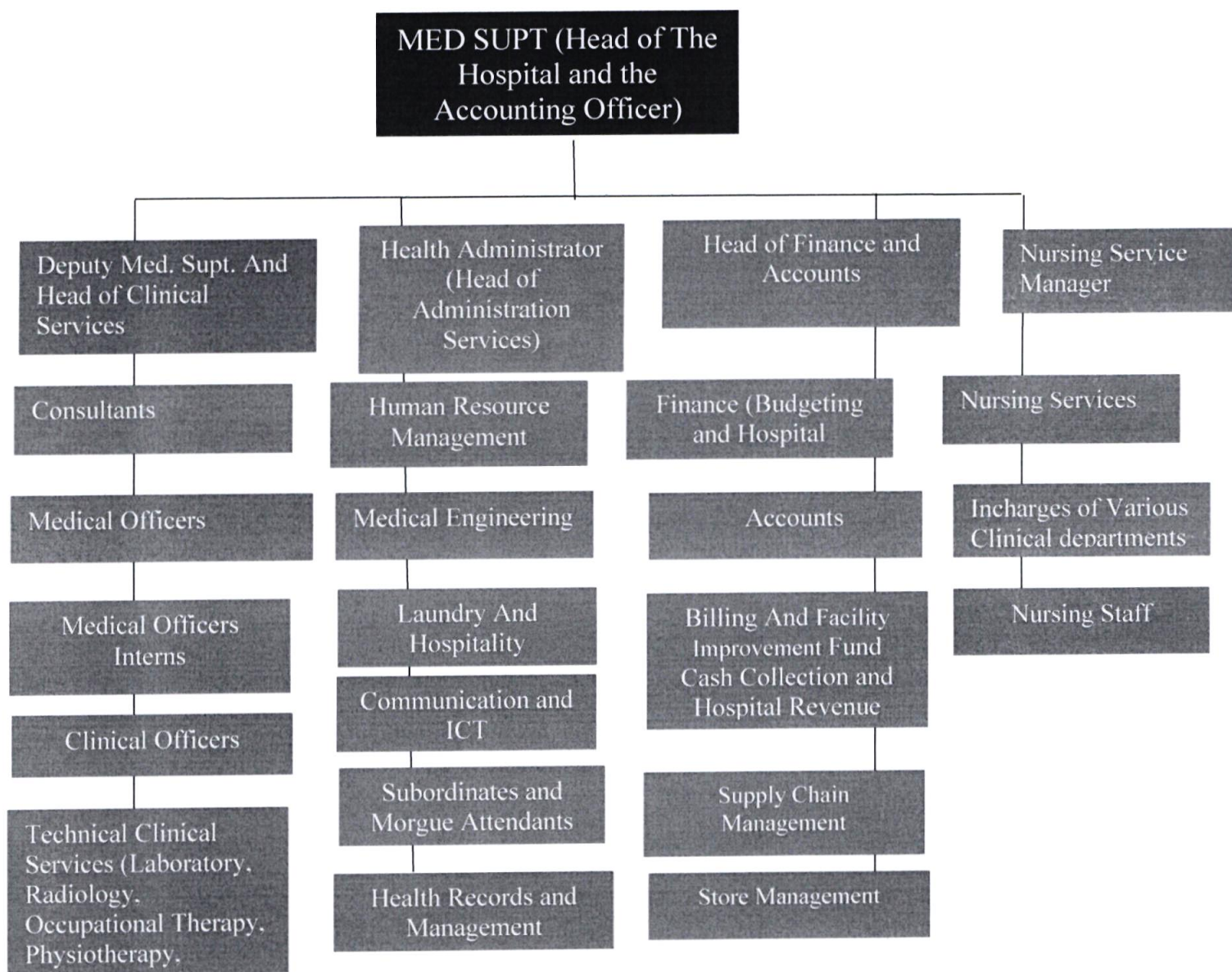
Rehabilitative services: -

- Provision of physiotherapy and orthopaedic services to patients within the hospital
- Physiotherapy and occupational therapy outreaches to health centres.
- Psychiatric Rehabilitative Services

Counselling services for liable clients either individually or as a group

7. Corporate Governance Statement

Although the FIF Act 2023 requires the hospital to have Hospital Board to govern the affairs of the Hospital, currently the Hospital does not have substantive Board in Place. However, the County Executive is in process of recruiting the Board. The hospital Management team has been running the Hospital and it's composed of HOD'S in the facility.



8. Management Discussion and Analysis

Clinical/Operational Performance
Major risks facing the entity

The operational risk in the hospital is the challenge of funding.
 The market risk for the hospital is the influx of private hospitals.
 Capital risk facing hospital is cash flow issues.
 Credit risk for the hospital are the huge outstanding debts.

Clinical/operational performance

| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Bed Capacity | 500 | 500 | 500 | 500 |
| Out Patient | 275,577 | 243,877 | 195,466 | 152,241 |
| Admissions | 14,973 | 11,038 | 14712 | 11,310 |
| Discharges | 14,838 | 11,128 | 14739 | 10,785 |
| Deaths | 1,071 | 944 | 979 | 912 |
| Mortality Rate | 7.2% | 8.6% | 6.7% | 8% |
| A/E Attendance | 24,396 | 28,766 | 17010 | 20,004 |
| Specialized Clinics | 121,359 | 90,119 | 115,808 | 89,767 |
| Average Length of Stay-(In Days) | 7 | 7 | 7 | 8 |
| Bed Occupancy Rate | 59% | 61% | 68% | 57% |
| Surgical Theatre | 4,161 | 3,951 | 2,947 | 2,754 |

The following Charts presents the performance in the various operational areas;

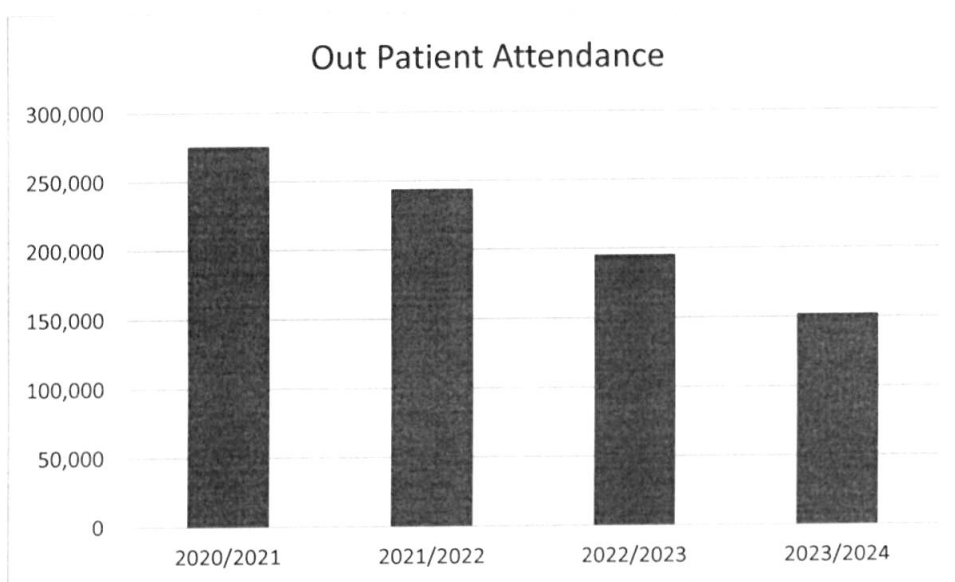


Figure 1: showing trend in outpatient attendance

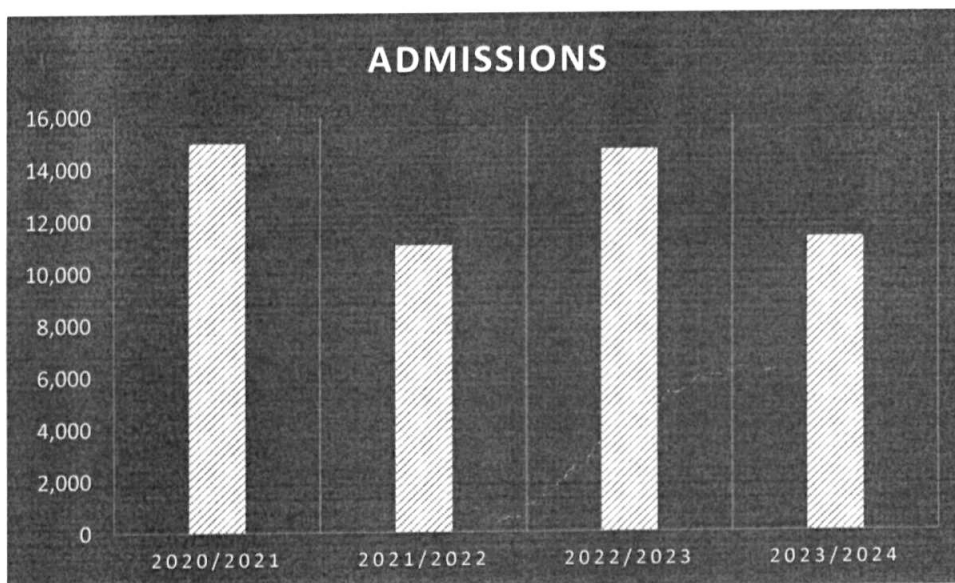


Figure 2: showing patients' admission in the hospital's wards over four years

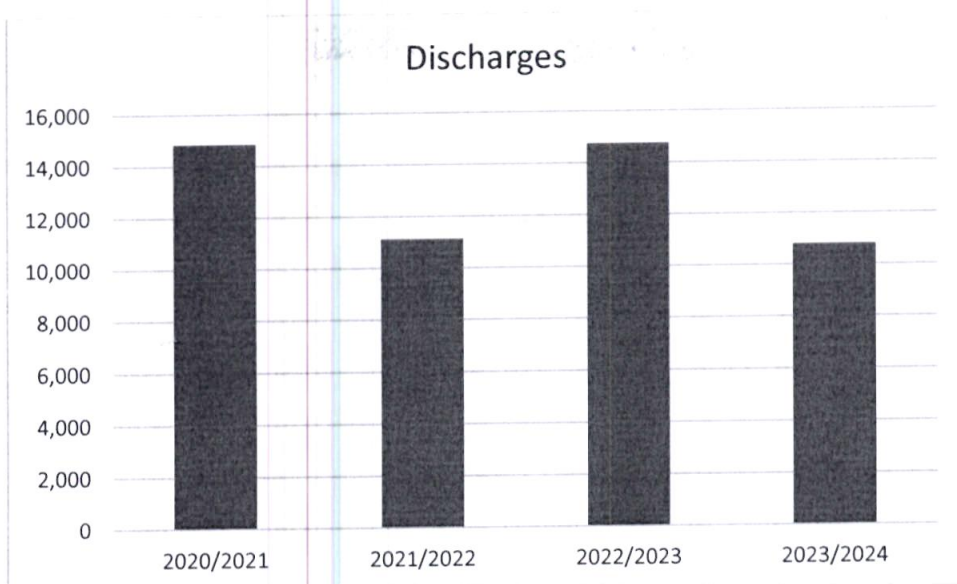


Figure 3: showing patients discharges from the hospital wards over four period years

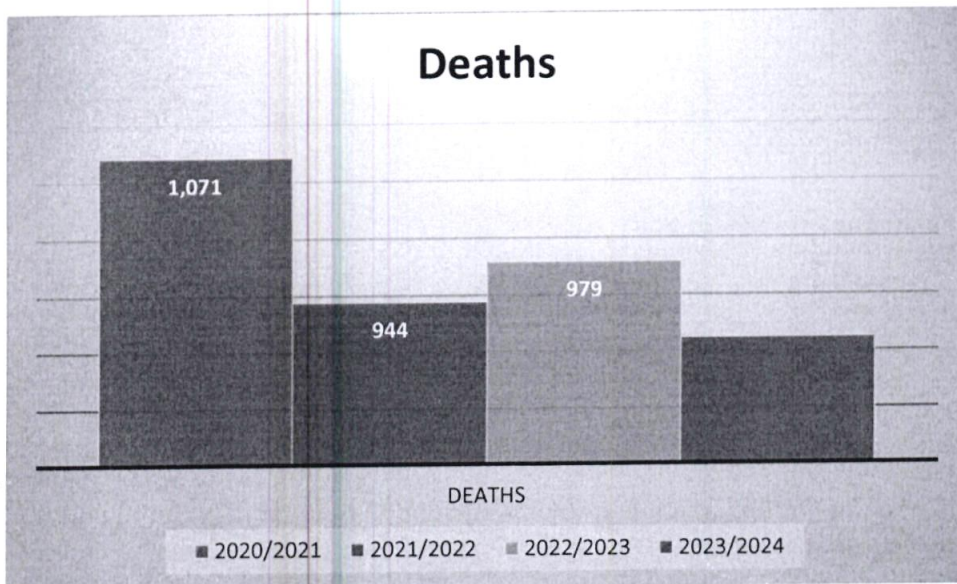


Figure 4: indicating deaths that occurred over four year period

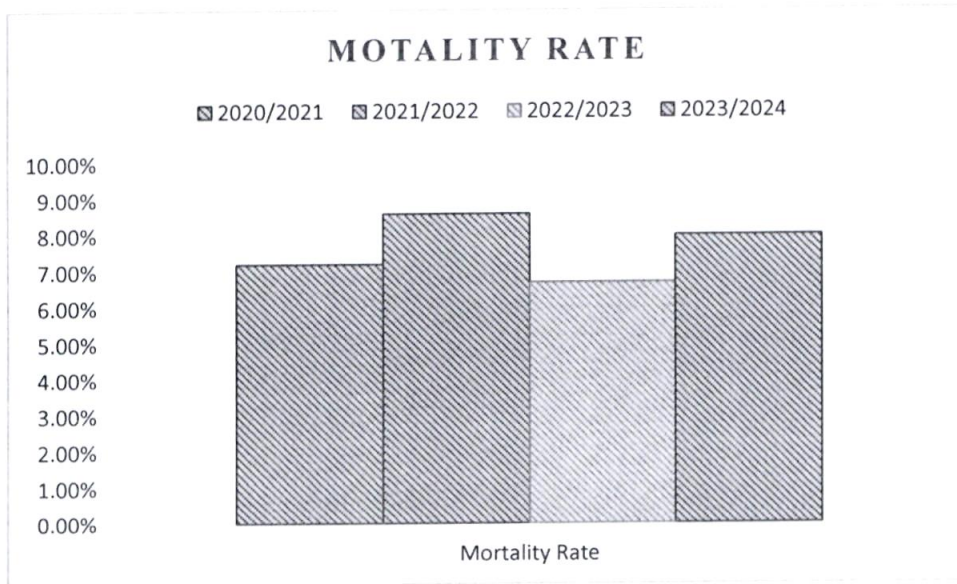


Figure 5: indicating mortality rate in the hospital over four year period

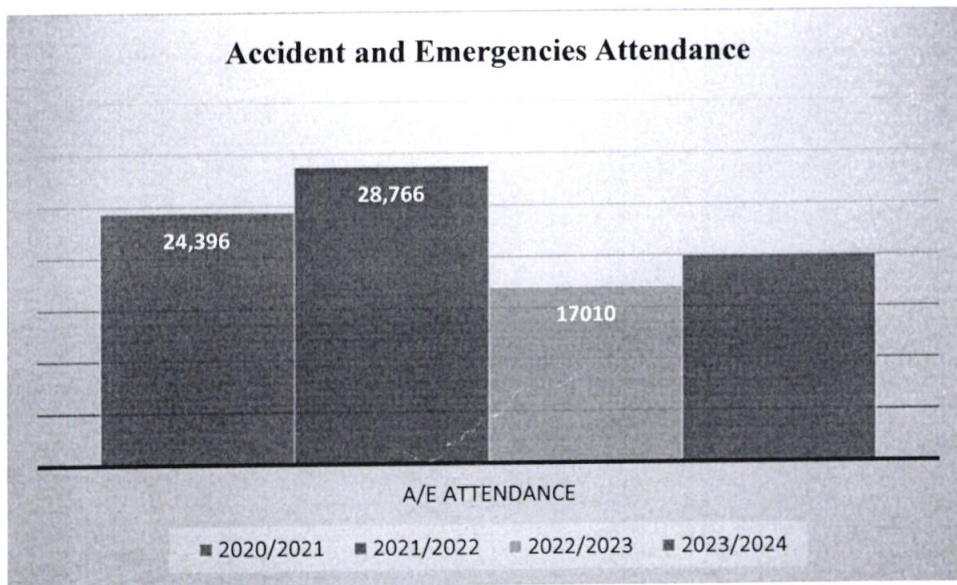


Figure 6: indicating accident and emergency cases in the hospital's casualty department over four year period

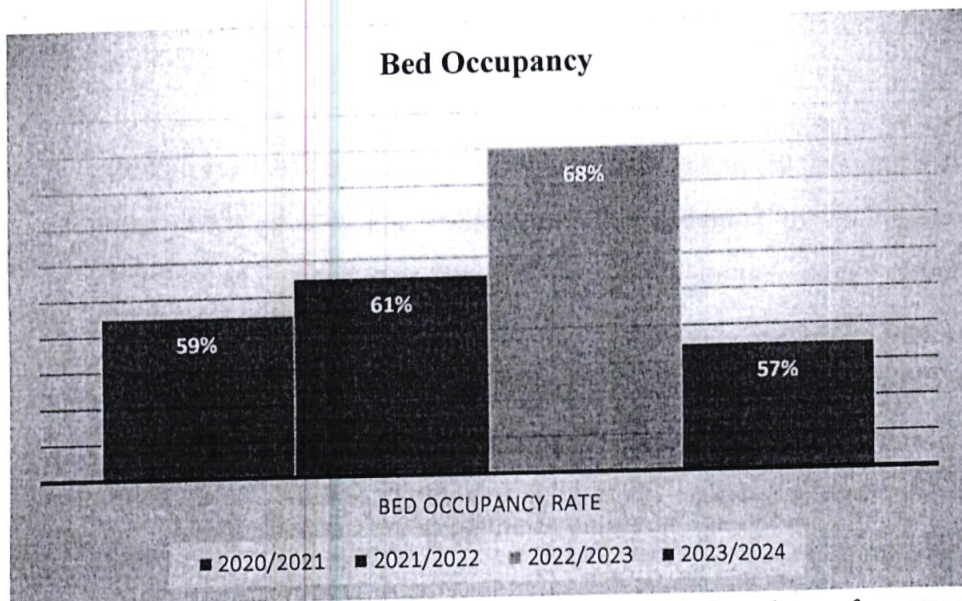


Figure 7: indicating inpatient bed occupancy within the hospital wards over four year period

Financial Performance : -

Machakos Level 5 Hospital finances its operations through funds received from the county Government treasury through Current Transfers and commodities procured by the county directly from Suppliers Mainly Pharmaceuticals and Non pharmaceutical items. The Hospital has capacity to effectively and efficiently finance her activities through the internal sources of revenue inform of Facility Improvement fund (FIF) and through NHIF Claims. During the period, other than NHIF reimbursement made towards the end of financial year, the only other funding available for the hospital operations was disbursements made from County Treasury which was grossly underfunded. Facility Improvement funds have been paid into county revenue account and therefore not available to the Hospital management for use. This brought up the Hospital financing gap and thereby delaying and scaling down the services offered by the hospital. During the year, we collected Kshs. **65,682,008** inform of Facility Improvement Fund and **Kshs. 90,872,532** as claims to NHIF and other sources Transfers from the County amounted to **Kshs. 19,533,000**.



.....
Medicals Superintendent

9.Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Machakos Level 5 Hospital is a Government entity which is governed by various laws and regulations. The County Government of Machakos is on the process of implementing the recent Facility Improvement Fund Act which will set to in place Governance of the Hospital.

ii) Environmental performance

An environmental policy is an organization's declaration of commitment to the environment. It unifies the environmental vision of all key stakeholders in the organization which includes employees, management, partners, shareholders, customers, and suppliers. Purpose of this policy is to guide on reduction of pollution from all discharges (releases to air, water, and land) and reduction of the use of toxic materials hazardous to the environment, employees and public health.

Machakos level 5 hospital works under the principles of the County Environment Policy under the Department of Environment and guided by the National Environment Management Authority (NEMA) EMCA Act and waste disposal Act to ensure environment within the hospital space is protected from any form of pollution. The actions undertaken include: -

Following the guidelines of health care waste guidelines of Kenya of segregation of waste transportation and pre-treatment. The organization uses marked waste bags to collect waste from the points of production to the pre-treatment plant which is a microwave shredder machine which disinfects and shreds all those waste to a biodegradable state before collection and disposal by the waste collectors. Infectious waste e.g., placentas are macerated using a macerator and connected to the sewage systems.

- Sharps are always separated at point of use using sharp boxes and incinerated within the compound to an ass state which is thus collected and disposed of at the county's disposal sites.

- Recyclable materials like carton boxes are separated and stored to be reused for purposes both the employee and institution can deem necessary.

- Natural vegetation is always improved by maintaining manicured flower beds and lawns including encouraging tree planting during rainy seasons. Trees within its compound are felled with guidance of the Environment department and only done so when they pose a danger to the clients, workers/ employees or buildings.
- The facility is connected to a municipal sewer line which transports all liquid waste materials to the treatment plant.

Evidence of a policy is not present but as an organization a need has been identified and consultation to generate a policy in collaboration with the county lead agency will be done and a policy document developed.

iii) Employee welfare

The county department has an up-to-date OSH act and it's in line with the national workman's agreement. It is well stated in the department's OSH abstract pinned at specific level 4 and 5 hospitals. The county has already established a county occupational safety and health committee. Facility OSH committees are yet to be set up.

Trainings of the same committees are in need of funds. The budget was set up and forwarded to the medical services directorate.

The staff reward and appraisal system is up and running.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The hospital does not condone any form of corruption within and outside the premises. Political actors are only involved in legislation and assume an oversight role on the operations of the hospital. We are a public facility and we ensure that our services are above board and have a positive impact to our clients.

b) Responsible Supply chain and supplier relations

We endeavour to maintain good business practices especially to our partners like Suppliers, we treat them as partners in our operations and we make efforts to meet our obligations to them. The only challenge has been availability of finances on time but we are devoted to clear our debts.

c) Responsible marketing and advertisement

Our above-board service delivery and competent professional Human resource and customer commitment has been our marketing strategy.

d) Product stewardship

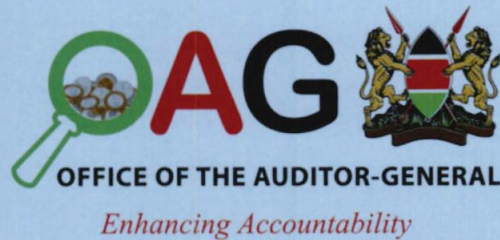
Our client's privacy and rights has been our core duty and we have tried to meet their expectations and striving hard to exceed them.

v) Corporate Social Responsibility / Community Engagements

Our CSR has been educating the public on the better practices of prevention of diseases, helping those who cannot meet settling their bills and offering counselling services. We have bills waiving committee in place

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 MACHAKOS LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF MACHAKOS

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Machakos Level 5 Hospital - County Government of Machakos set out on pages 1 to 60, which comprise the statement

of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Machakos Level 5 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 Public Finance Management Act, 2012, the Health Act 2017 and Machakos County Health Services Act, 2021.

Basis for Qualified Opinion

1. Unsupported Transfers to County Revenue Fund (CRF)

The statement of financial performance reflects Kshs.65,682,008 in relation to transfer to County Revenue Fund, however, the MPESA paybill number is not under the control of the Hospital rather it is being managed by the County Executive. In addition, the balance was not supported by any note to indicate the breakdown of the transferred amount. In the circumstances, the accuracy and completeness of the transfers to CRF balance of Kshs.65,682,008 could not be confirmed.

In the circumstances, accuracy and completeness of the transfers to CRF balance of Kshs.65,682,008 could not be confirmed.

2. Non-Disclosure and Doubtful Ownership of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance as disclosed in Note 31 to the financial statements. However, review of the Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit. In addition, the hospital operates three (3) motor vehicles whose ownership document were not provided for audit review

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

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Machakos Level 5 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Internal Controls, Risk Management and Governance. Though Management has indicated that the issues are still on-going and some as done under Appendix 1 on progress follow up of the auditor's recommendations, the issues remain unresolved contrary to Section 149 (2) (I) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities Shall take appropriate measures to resolve any issues arising from audit which may remain outstanding.

Other Information

Management is responsible for the other information set out on pages ii to xix which comprise of Key Entity Information and Management, CECM-Health Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting. 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. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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 Dispose Unserviceable Assets

The statement of financial position reflects a Nil balance on property, plant and equipment. However, review of status report of equipment of the Hospital reveals unserviceable assets that have not been disposed of and the same remain unutilized. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs of Kshs.95,860,484 as disclosed in Note 16 to the financial statements. Included in the balance is payment made to contracted staff of Kshs. 14,363,943. It was noted that Management engaged casual workers for more than three months. This was contrary to the County Public Service Human Resource Manual, May 2013 Section B. 16(1) which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County

Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act (2007). Further, the rate determined to pay the contractual staff and rates of casuals have not been provided for audit review.

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

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

Verification of services offered, equipment used and number of members of staff at the Hospital revealed that during the year under review, the Hospital did not meet the

requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as analyzed in the table below:

| Item | Level 5 Standard | Current Number | Variance |
|-------------------|------------------|----------------|----------|
| Medical Officers | 50 | 19 | 31 |
| Anesthesiologists | 7 | 2 | 5 |
| Radiologists | 4 | 2 | 2 |

Further, the Hospital had deficits in services and equipment as indicated in the table below:

| Item | Level 5 Standard | Current Number | Variance |
|--|------------------|----------------|----------|
| Functional ICU Beds | 12 | 6 | 6 |
| Functional HDU Beds | 12 | 2 | 10 |
| New Born Unit with Ten (10) Incubators | 10 | 6 | 4 |
| Seven (7) Operating Theatres | 7 | 3 | 4 |

In the circumstances, the classification of the Hospital as a Level 5 Hospital may be misleading and the Universal Health Care may not be effectively delivered at the Hospital.

4. Unutilized Medical Equipment Service (MES)

The statement of financial position reflects property, plant and equipment of Nil balance as disclosed in Note 31 to the financial statements. Review of the Hospital equipment report provided includes Managed Equipment Services (MES) equipment outsourced by the Ministry of Health. However, status report and information given by Management revealed that the contracts between maintenance service providers and the Ministry had expired. Therefore, some equipment including renal dialysis equipment, Intensive Care Unit (ICU) equipment, X-ray and other Imaging Equipment were not functioning and had not been serviced by the Ministry of Health.

In the circumstances, value for money in respect of Managed Equipment Services (MES) equipment could not be confirmed.

5. Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.30,611,675 in relation to trade and other payables as disclosed in Note 34 to the financial statements. However, included in the balance are trade payables amounting to Kshs.4,591,751 which had been outstanding for more than three (3) years. This is Contrary to Section 53 (8) of the Public Procurement and Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 Key Policies

During the year under review, the Hospital did not have an approved Risk Management Policy, an Information Technology (IT) Security Policy, Disaster Recovery Plan and Business Continuity policy to mitigate risks. In addition, there was no system in place for preparing, reviewing and approving policy documents.

In the circumstances, the existence and effectiveness of controls of the Hospital could not be confirmed.

2. Expiry of Medical Supplies

The statement of financial position reflects an inventory balance of Kshs.45,078,881 as disclosed in Note. 30 to the financial statements. Review of the pharmaceuticals stores report for the month June, 2024 revealed that ten (10) categories of pharmaceuticals stores valued at Kshs.1,316,351 had expired.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical could not be ascertained.

3. Incomplete Fixed Asset Register

The statement of financial position reflects a nil balance in respect to property, plant and equipment. Review of asset register provided by management reflect that asset register provided was incomplete and had no values.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be ascertained and Management was in breach of the regulations.

4. Failure to Appoint a Board of Management

During the year under review, the Hospital did not have a Board of Management in place to govern the hospital contrary to Section 11 (1) of the Machakos County Health Services Act, 2021 states that there is established for every Hospital a Board to be known as the Hospital Management Board.

In the circumstances, the effectiveness of internal controls on the management of the hospital could not be confirmed.

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

Responsibilities of Management and Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the 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.

Report of the Auditor-General on Machakos Level 5 Hospital for the year ended 30 June, 2024 - County Government of Machakos

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

14 January, 2025

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


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

| Description | Notes | 2023/24 | 2022/23 |
|---|-------|--------------------|--------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 19,533,000 | 15,700,000 |
| In- kind contributions from the County Government | 7 | 205,892,474 | 256,636,235 |
| Grants from donors and development partners | 8 | - | 63,371,134 |
| Transfers from other Government entities | 9 | - | - |
| Public contributions and donations | 10 | 4,221,895 | - |
| Total Revenue from non-exchange transactions | | 229,647,369 | 335,707,369 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 56,514,862 | 88,772,441 |
| Revenue from rent of facilities | 12 | - | - |
| Finance /Interest Income | 13 | - | - |
| Other income (NHIF Reimbursements and Attachment Fee) | 14 | 91,706,732 | 79,592,581 |
| Total Revenue from exchange transactions | | 148,221,594 | 168,365,022 |
| Total revenue | | 377,868,963 | 504,072,391 |
| Expenses | | | |
| Medical/Clinical costs | 15 | 124,326,225 | 328,036,295 |
| Employee costs | 16 | 95,860,484 | 17,373,444 |
| Board of Management Expenses | 17 | - | - |
| Depreciation and amortization expense | 18 | - | - |
| Repairs and maintenance | 19 | 12,014,571 | 8,285,265 |
| Grants and subsidies | 20 | - | 1,130,000 |
| General expenses | 21 | 39,789,334 | 19,149,189 |
| Finance costs | 22 | - | - |
| Transfer to CRF | | 65,682,008 | 102,411,441 |
| Total expenses | | 337,672,622 | 476,385,634 |
| Other gains/(losses) | | | |
| Gain on disposal of non-Current assets | 23 | - | - |
| Unrealized gain on fair value of investments | 24 | - | - |
| Medical services contracts Gains/Losses | 25 | (4,435,455) | - |
| Impairment loss | 26 | - | - |
| Gain on foreign exchange transactions | | - | - |
| Total other gains/(losses) | | (4,435,455) | - |
| Net Surplus for the year | | 35,760,886 | 27,686,757 |
| Attributable to: | | | |
| Surplus/(deficit) attributable to minority interest | | - | - |


Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | |
|--|--|------------|------------|
| Surplus attributable to owners of the controlling entity | | - | - |
| | | 35,760,886 | 27,686,757 |


The Hospital's financial statements were approved on 9/1/2025 and signed on its behalf by:

Kasivu J


CECM
Health

CPA Charles Wanderi


Head of Finance
ICPAK No: 12002

Dr. Katua K.D


Medical Superintendent

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


12. Statement of Financial Position As At 30th June 2024

| Assets | | | |
|---|----|--------------------------|--------------------------|
| Current assets | | | |
| Cash and cash equivalents | 27 | 1,770 | 55,206 |
| Receivables from exchange transactions | 28 | 49,409,815 | 8,021,096 |
| Receivables from non-exchange transactions | 29 | - | - |
| Inventories | 30 | 45,078,881 | 41,382,235 |
| Total Current Assets | | 94,490,466 | 49,458,537 |
| Non-current assets | | | |
| Property, plant, and equipment | 31 | - | - |
| Intangible assets | 32 | - | - |
| Investment property | 33 | - | - |
| Total Non-current Assets | | - | - |
| Total assets | | 94,490,466 | 49,458,537 |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 34 | 30,611,675 | 21,340,635 |
| Refundable deposits from customers/Patients | 35 | - | - |
| Provisions | 36 | - | - |
| Finance lease obligation | 37 | - | - |
| Current portion of deferred income | 38 | - | - |
| Current portion of borrowings | 39 | - | - |
| Total Current Liabilities | | 30,611,675 | 21,340,635 |
| Non-current liabilities | | | |
| Provisions | 36 | - | - |
| Non-Current Finance lease obligation | 37 | - | - |
| Non-Current portion of deferred income | 38 | - | - |
| Non - Current portion of borrowings | 39 | - | - |
| Service concession liability | 40 | - | - |
| Total Non-current liabilities | | - | - |
| Total Liabilities | | 30,611,675 | 21,340,635 |
| | | | |
| Net assets | | <u>63,878,791</u> | <u>28,117,902</u> |
| Revaluation reserve | | - | - |
| Accumulated surplus/Deficit | | 63,878,791 | 28,117,905 |

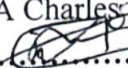
Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | |
|-------------------------------------|--|-------------------|-------------------|
| Fund Balance b/f - NHIF KCB Account | | - | - |
| Reconciling Difference | | - | (3) |
| Net Assets | | <u>63,878,791</u> | <u>28,117,902</u> |

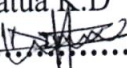
The Hospital's financial statements were approved on 9/1/2025 and signed on its behalf by:

Kasivu J 

CECM
Health

CPA Charles Wanderi 

Head of Finance
ICPAK No: 12002

Dr. Katua K.D 

Medical Superintendent

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

| | Revaluation gains/(losses) | Surplus/(deficit) for the year | Capital/Development grants | Net Asset |
|---|-------------------------------|-----------------------------------|-------------------------------|-------------------|
| As at July 1, 2022 (previous year) | - | 431,148 | - | 431,148 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 27,686,757 | - | 27,686,757 |
| Capital/Development grants | - | - | - | - |
| As at June 30, 2023(previous year) | - | 28,117,905 | - | 28,117,905 |
| | | | | |
| At July 1, 2023 (current year) | | | | |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 35,760,886 | - | 35,760,886 |
| Capital/Development grants | - | - | - | - |
| At June 30, 2024 (current year) | - | 63,878,791 | - | 63,878,791 |

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

| Description | Notes | 2023/24 Kshs | 2022/23 Kshs |
|---|-------|-------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 19,533,000 | 15,700,000 |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | | - | - |
| Public contributions and donations | 10 | 157,000 | - |
| Rendering of services- Medical Service Income | 11 | | 88,772,441 |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | | - | - |
| Miscellaneous receipts | 14 | 42,296,917 | 79,592,581 |
| Total Receipts | | 61,986,917 | 184,065,022 |
| Payments | | | |
| Medical/Clinical costs | 15 | 26,914,590 | 48,330,770 |
| Employee costs | 16 | 14,694,943 | 17,373,444 |
| Board of Management Expenses | 17 | - | - |
| Repairs and maintenance | 19 | 12,014,571 | 8,285,265 |
| Grants and subsidies | 20 | - | 1,130,000 |
| General expenses | 21 | 8,416,248 | 19,149,189 |
| Finance costs | 22 | - | - |
| Refunds paid out | | | - |
| Transfer to CRF | | - | 102,411,441 |
| Total Payments | | 62,040,352 | 196,680,109 |
| Net cash flows from/(used in) operating activities | | (53,435) | (12,615,087) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment, & intangible assets | | - | - |
| Proceeds from the sale of property, plant, and equipment | | - | - |
| Acquisition of investments | | - | - |
| Net cash flows from /(used in) investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Capital grants received | | - | - |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | |
|---|--|-----------------|---------------------|
| Net cash flows from /(used in) financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | (53,435) | (12,615,087) |
| Cash and cash equivalents at 1 July | | 55,206 | 12,559,881 |
| Cash and cash equivalents at 30 Jun | | 1,771 | 55,206 |

15. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|--|--------------------|--------------------|--------------------|----------------------------|------------------------|------------------|
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c % |
| | Kshs | Kshs | Kshs | Kshs | | Kshs |
| Revenue | | | | | | |
| Transfers from the County Government | 75,000,000 | - | 75,000,000 | 19,533,000 | 55,467,000 | 26% |
| Grants from donors and development partners | - | - | - | - | - | 0% |
| In-kind contributions from the County Government | - | 205,892,474.07 | 205,892,474 | 205,892,474.07 | - | 100% |
| Transfers from other Government entities | - | - | - | - | - | 0% |
| Public contributions and donations | - | 4,221,895.00 | 4,221,895.00 | 4,221,895.00 | - | 100% |
| Rendering of services- Medical Service Income | 75,629,588 | - | 75,629,588 | 56,514,862 | 19,114,726.13 | 75% |
| Revenue from rent of facilities | - | - | - | - | - | 0% |
| Finance / interest income | - | - | - | - | - | 0% |
| Other receipts (specify) | - | 102,819,733.00 | 102,819,733.00 | 91,706,732 | 11,113,001.00 | 89% |
| Total income | 150,629,588 | 312,934,102 | 463,563,690 | 377,868,963 | 85,694,727 | 82% |
| Expenses | | | | | | |
| Medical/Clinical costs | 248,908,518 | 118,718,446 | 367,626,964 | 124,326,225 | 243,300,739 | 34% |
| Employee costs | 15,143,000 | 11,599,540 | 26,742,540 | 95,860,484 | (69,117,944) | 358% |
| Remuneration of directors | - | - | - | - | - | 0% |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | | | | |
|-------------------------------|----------------------|--------------------|---------------------|--------------------|----------------------|------------|
| Repairs and maintenance | 7,166,209 | (3,490,199) | 3,676,010 | 12,014,571 | (8,338,561) | 327% |
| Grants and subsidies | - | - | - | - | - | 0% |
| General expenses | 27,821,644 | 23,250,008 | 51,071,652 | 39,789,334 | 11,282,318 | 78% |
| Finance costs | - | - | - | - | - | 0% |
| Refunds | - | - | - | - | - | 0% |
| Inventories | 45,078,881.00 | - | 45,078,881.00 | - | 45,078,881.00 | 0% |
| Total expenditure | 344,118,252 | 150,077,795 | 494,196,047 | 271,990,614 | 222,205,433 | 55% |
| | | | | | | |
| Surplus for the period | (193,488,664) | 162,856,307 | (30,632,357) | 105,878,349 | (136,510,706) | |

Budget notes

1. The budget was partly utilized for the Hospital operations because it's controlled at the departmental level.
2. The Hospital was underfunded and thus scaling down her operations.
3. The difference between the original and final budget is due to Re-allocations.

:

16. Notes to the Financial Statements

1. General Information

Machakos Level 5 Hospital is established by and derives its authority and accountability from the Kenya Medical and Dentist Act. The entity is wholly owned by the County Government of Machakos and is domiciled in Machakos County in Kenya. The entity's principal activity is provision of Curative and Preventive Health Services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45- Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles</p> |

| Standard | Effective date and impact: |
|--|--|
| | e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| <p>IPSAS 46 Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47- Revenue</p> | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| <p>IPSAS 48- Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Standard | Effective date and impact: |
|--|--|
| IPSAS 49- Retirement Benefit Plans | <i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. |

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2023/2024 other the standards implementable by the reported financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/24 was approved by County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations the FY 2023/2024 budget following the County Assembly's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Investment property

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

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

e. Property, plant and equipment

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

f. Leases

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

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

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

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

g. Intangible assets

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

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j. Inventories

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

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

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

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

k. Provisions

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

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

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

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers. The hospital is wholly owned by the County Government of Machakos and therefore Machakos County Executive have significant control over the hospital.

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note . 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.

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

6. Transfers from the County Government

| Description | 2023/2024 | 2022/2023 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Unconditional Grants | | |
| Operational Grant | - | - |
| Level 5 Grants | - | - |
| Other Grants | - | - |
| Machakos County Government | 19,533,000 | 15,700,000 |
| Conditional Grants | | |
| User Fee Forgone | - | - |
| Transforming Health Services For Universal Care Project (THUCP) | - | - |
| DANIDA | - | - |
| Wards Development Grant | - | - |
| Paediatric Block Grant | - | - |
| Administration Block Grant | - | - |
| Laboratory Grant | - | - |
| Total Government Grants And Subsidies | 19,533,000 | 15,700,000 |

6 b Transfers from The County Government

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund. | Total grant income during the period | Comparative period prior year |
|--------------------------------------|---|---|------------------------------------|--------------------------------------|-------------------------------|
| | | | Kshs | Kshs | Kshs |
| Machakos County Government | 19,533,000 | - | - | 19,533,000 | 15,700,000 |
| Total | 19,533,000 | - | - | 19,533,000 | 15,700,000 |

7. In Kind Contributions from The County Government

| Description | 2023/2024 | 2022/2023 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Salaries and wages | 81,165,541 | - |
| Pharmaceutical and Non-Pharmaceutical Supplies | 48,159,969 | 256,636,235 |
| Medical supplies-Radiology | 5,948,390 | - |
| Medical Spplies - Laboratory Reagents | 6,905,850 | - |
| Food and Ration | 32,976,838 | - |
| Utility bills | 30,735,886 | - |
| Total grants in kind | 205,892,474 | 256,636,235 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-------------------|
| | KShs | KShs |
| Cancer Centre grant- DANIDA | - | - |
| World Bank grants | - | - |
| Paediatric ward grant- JICA | - | - |
| Research grants | - | - |
| Other grants | - | 63,371,134 |
| Total grants from development partners | - | 63,371,134 |

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

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the period | Comparative period prior year |
|--------------------------------------|---|---------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Donor e.g., DANIDA | - | - | - | - | - |
| JICA | - | - | - | - | - |
| World Bank | - | - | - | - | - |
| Other grants (specify) | - | - | - | - | 63,371,134 |
| Total | - | - | - | - | 63,371,134 |

9. Transfers From Other Government Entities

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | - | - |
| Transfer from National Hospital | - | - |
| Transfer from Institute | - | - |
| Total Transfers | - | - |

10. (a) Public Contributions and Donations

| Description | 2023/2024 | 2022/2023 |
|--|------------------|-----------|
| | KShs | KShs |
| Public donations | - | - |
| Donations from local leadership | - | - |
| Donations from religious institutions | - | - |
| Donations from other international organisations and individuals - AMREF-Medical Gases | 4,064,895 | - |
| Other donations(safaricom and Red Cross and) | 157,000 | - |
| Donations in kind-amortised | - | - |
| Total donations and sponsorships | 4,221,895 | - |

10 (b) Reconciliations of amortised grants

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Balance unspent at beginning of year | - | - |
| Current year receipts | - | - |
| Amortised and transferred to revenue | - | - |
| Conditions to be met – remain liabilities | - | - |

11. Rendering of Services-Medical Service Income

| Description | 2023/2024 | 2022/2023 |
|----------------------------------|------------|------------|
| | KShs | KShs |
| Pharmaceuticals | 8,614,496 | 2,311,795 |
| Non-Pharmaceuticals | 5,076,316 | 27,226,944 |
| Laboratory | 22,300,373 | 17,248,952 |
| Radiology | 17,137,450 | 26,644,700 |
| Orthopedic and Trauma Technology | 379,457 | 3,400 |
| Theatre | 659,970 | 1,197,000 |
| Accident and Emergency Service | 129,610 | - |
| Anesthesia Service | - | - |
| Ear Nose and Throat service | 305,630 | 186,350 |
| Nutrition service | - | - |
| Cancer centre service | - | - |
| Dental services | 87,450 | - |
| Reproductive health | - | 1,200 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | |
|---|-------------------|-------------------|
| Paediatrics services | - | - |
| Farewell home services | 7,000 | 45,000 |
| Other medical services income | 1,817,110 | 13,907,100 |
| Total revenue from the rendering of services | 56,514,862 | 88,772,441 |

12. Revenue From Rent of Facilities

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Residential property | - | - |
| Commercial property | - | - |
| Total Revenue from rent of facilities | - | - |

13. Finance /Interest Income

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Cash investments and fixed deposits | - | - |
| Interest income from short- term/ current deposits | - | - |
| Interest income from Treasury Bills | - | - |
| Interest income from Treasury Bonds | - | - |
| Interest from outstanding debtors | - | - |
| Total finance income | - | - |

14. Miscellaneous Income

| Description | 2023/2024 | 2022/2023 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Insurance recoveries | 90,872,532 | 79,181,161 |
| Income - Attachment Fee - Transfer from higher learning institutions, AMREF University, Kenyatta University, SEKU, Redcross etc | 733,000 | 411,420 |
| Services concession income | - | - |
| Sale of goods (water, publications, Other income -Kenya Society of Pastic Surgery - Camp Charges | 101,200 | - |
| Balance b/f | - | - |
| Total other income | 91,706,732 | 79,592,581 |
| Accrued income - Nhif Claims | - | - |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | |
|--------------|-------------------|-------------------|
| | | |
| Total | 91,706,732 | 79,592,581 |

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

15. Medical/ Clinical Costs

| Description | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Dental costs/ materials | - | - |
| Laboratory chemicals and reagents | 8,970,395 | 667,850 |
| Public health activities | 527,900 | - |
| Food and Ration | 34,317,644 | 1,224,870 |
| Uniform, clothing, and linen | 30,000 | - |
| Dressing and Non-Pharmaceuticals | 29,009,263 | 248,687,921 |
| Pharmaceutical supplies | 37,797,438 | 66,278,739 |
| Health information stationery | 2,811,284 | 8,794,361 |
| Reproductive health materials | - | - |
| Sanitary and cleansing Materials | 271,270 | 2,168,604 |
| Purchase of Medical gases | 4,071,445 | - |
| X-Ray/Radiology supplies | 6,192,040 | 213,950 |
| Medical Equipment | - | - |
| Other medical related clinical costs (postmoterm charges, therapy materials, orthopaedic supplies, electrical appliances, security gadgets, batteries etc) | 327,546 | - |
| Total medical/ clinical costs | 124,326,225 | 328,036,295 |

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

16. Employee Costs

| Description | 2023/2024 | 2022/2023 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Salaries, wages, and allowances - in-kind | 81,165,541 | 17,373,444 |
| Contracted staff salaries | 14,363,943 | |
| Contributions to pension schemes | - | - |
| Service gratuity | - | - |
| Performance and other bonuses | - | - |
| Staff medical expenses and Insurance cover | - | - |
| Group personal accident insurance and WIBA | - | - |
| Social contribution | - | - |
| Other employee costs (PAYE) | 331,000 | - |
| Employee costs | 95,860,484 | 17,373,444 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

17. Board of Management Expenses

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Chairman's Honoraria | - | - |
| Sitting allowance | - | - |
| Mileage | - | - |
| Insurance expenses | - | - |
| Induction and training | - | - |
| Travel and accommodation allowance | - | - |
| Airtime allowances | - | - |
| Total | - | - |

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

| Description | 2023/2024 | 2022/2023 |
|--------------------------------------|-------------------|------------------|
| | KShs | KShs |
| Property- Buildings | 4,575,682 | 5,420,867 |
| Medical equipment | 6,564,478 | 2,633,398 |
| Office equipment | - | - |
| Furniture and fittings | - | - |
| Computers and accessories | 482,895 | - |
| Motor vehicle expenses | 391,516 | 231,000 |
| Maintenance of civil works | - | - |
| Total repairs and maintenance | 12,014,571 | 8,285,265 |

20. Grants And Subsidies

| Description | 2023/2024 | 2022/2023 |
|-----------------------------------|-----------|------------------|
| | KShs | KShs |
| Kangundo Level4 Hospital | - | 200,000 |
| Kathiani Level4 Hospital | - | 150,000 |
| Masinga Level4 Hospital | - | 100,000 |
| Athiriver Level4 Hospital | - | 80,000 |
| Kimiti Level4 Hospital | - | 50,000 |
| Matuu Level4 Hospital | - | 250,000 |
| Mwala Level4 Hospital | - | 120,000 |
| Mutituni Level4 Hospital | - | 50,000 |
| Kalama Level4 Hospital | - | 50,000 |
| Ndithini Level4 Hospital | - | 80,000 |
| Total grants and subsidies | - | 1,130,000 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|------------|-----------|
| | KShs | KShs |
| Advertising and publicity expenses | - | - |
| Electricity | 30,735,886 | - |
| Catering expenses | 1,438,410 | 486,060 |
| Waste management expenses | - | 2,168,604 |
| Insecticides and rodenticides | - | - |
| Audit fees | - | - |
| Bank charges | 38,966 | - |
| Conferences and delegations | - | - |
| Consultancy fees | - | - |
| Contracted services | 16,500 | 178,835 |
| Fuel expenses | 3,789,407 | 5,120,000 |
| Insurance | - | - |
| Research and development expenses | - | - |
| Travel and accommodation allowance | 2,381,000 | 877,600 |
| General equipment purchase | - | 77,380 |
| Legal expenses | - | - |
| Licenses and permits | - | - |
| Courier and postal services | 9,500 | - |
| Printing and stationery | 394,445 | 8,794,361 |
| Hire charges | - | - |
| Rent expenses | - | 205,011 |
| Water and sewerage costs | 50,000 | - |
| Skills development levies | - | - |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | |
|--|-------------------|-------------------|
| Telephone and mobile phone services | 708,000 | 700,025 |
| Internet expenses | - | 485,313 |
| Staff training and development | - | - |
| Subscriptions to professional bodies | 227,220 | 56,000 |
| Subscriptions to newspapers periodical, magazines, and gazette notices | - | - |
| Library books/Materials | - | - |
| Security Services | - | - |
| Rendering of Services-Medical Service Income - Transfer to CRF | - | - |
| Total General Expenses | 39,789,334 | 19,149,189 |
| Accrued Liabilities b/f | - | - |
| Total General Expenses | 39,789,334 | 19,149,189 |

22. Finance Costs

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Borrowings (amortized cost) * | - | - |
| Finance leases (amortized cost) | - | - |
| Interest on Bank overdrafts/Guarantees | - | - |
| Interest on loans from commercial banks | - | - |
| Total finance costs | - | - |

(Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Other assets not capitalised (<i>specify</i>) | - | - |
| Total gain on sale of assets | - | - |

24. Unrealized Gain On Fair Value Investments

| Description | 2023/2024 | 2022/2023 |
|---------------------------|-----------|-----------|
| | KShs | KShs |
| Investments at fair value | - | - |
| Total gain | - | - |

25. Medical Services Contracts Gains /Losses

| Description | 2023/2024 | 2022/2023 |
|---|--------------------|-----------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF | - | - |
| Non- Comprehensive contracts care with NHIF | - | - |
| Linda Mama Program | - | - |
| Waivers and Exemptions | (4,435,455) | - |
| Total Gain/Loss | (4,435,455) | - |

26. Impairment Loss

| Description | 2023/2024 | 2022/2023 |
|--------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Investments | - | - |
| Total impairment loss | - | - |

27. Cash And Cash Equivalents

| Description | 2023/2024 | 2022/2023 |
|--|--------------|---------------|
| | KShs | KShs |
| Current accounts | 1,770 | 55,206 |
| Machakos Level 5 Hospital UHC Account | - | - |
| On - call deposits | - | - |
| Fixed deposits accounts | - | - |
| Cash in hand | - | - |
| Others(<i>specify</i>)- Mobile money | - | - |
| Total cash and cash equivalents | 1,770 | 55,206 |

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

| Description | | 2023/2024 | 2022/2023 |
|--|----------------|--------------|---------------|
| Financial institution | Account number | KShs | × |
| a) Current account | | | |
| KCB - MKS County Level 5 Imprest Account | 1312775874 | 1,770 | 55,206 |
| Machakos Level 5 Hospital UHC Account | 1252101708 | - | - |
| Sub- total | | 1,770 | 55,206 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | |
|-----------------------------------|--|--------------|---------------|
| Equity Bank – etc | | - | - |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Bank Name | | - | - |
| | | | |
| Sub- total | | - | - |
| d) Others(specify) | | - | - |
| cash in hand | | - | - |
| Mobile money- Mpesa, Airtel money | | - | - |
| | | | |
| Sub- total | | - | - |
| Grand total | | 1,770 | 55,206 |

28. Receivables From Exchange Transactions

| Description | 2023/2024 | 2022/2023 |
|------------------------------|-------------------|------------------|
| | KShs | KShs |
| Medical services receivables | 49,409,815 | 8,021,096 |
| Rent receivables | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | - | - |
| Total receivables | 49,409,815 | 8,021,096 |

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

29. Receivables From Non-Exchange Transactions

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfers from the County Government | - | - |
| Undisbursed donor funds | - | - |
| Other debtors (<i>non-exchange transactions</i>) | - | - |
| Less: impairment allowance | - | - |
| Total | - | - |

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

| Description | 2023/2024 | | 2022/2023 | |
|--------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | - | % | - | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | - | % | - | % |

30. Inventories

| Description | 2023/2024 | 2022/2023 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Pharmaceutical supplies | 14,789,149 | 26,029,157 |
| Non-Pharmaceuticals | 30,289,732 | 15,353,078 |
| Maintenance supplies | - | - |
| Food supplies | - | - |
| Linen and clothing supplies | - | - |
| Cleaning materials supplies | - | - |
| General supplies | - | - |
| Less: provision for impairment of stocks | (-) | (-) |
| Total | 45,078,881 | 41,382,235 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total |
|------------------------------------|----------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|----------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Cost | | | | | | | | |
| At 1 July 2022 (previous year) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Additions | | | | | | | | |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| At 30th Jun 2023 | | | | | | | | |
| At 1 July 2023 (current year) | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Transfer/adjustments | - | - | - | - | - | (-) | (-) | - |
| At 30th Jun 2024 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2022 (previous year) | | 1 | 1 | 1 | 1 | 1 | | 1 |
| Depreciation for the year | - | - | - | - | - | - | - | - |
| Disposals | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Impairment | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| At 30 June 20XX | 1 | 1 | 1 | 1 | 1 | 1 | | 1 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Capital Work in progress | Total |
|---|------|---------------------------|----------------|---|---------------|-----------------------------|--------------------------|----------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| At July 202024 (current year) | | 1 | 1 | 1 | 1 | 1 | | 1 |
| Depreciation | | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Disposals | | (0) | (0) | (0) | (0) | (0) | | (0) |
| Impairment | | (0) | (0) | (0) | (0) | (0) | | (0) |
| Transfer/adjustment | | 1 | - | 1 | - | - | (0) | (0) |
| At 30th June 2024 | | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | | | | | | | |
| Net book values | | | | | | | | |
| At 30 th Jun 2023 (previous) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| At 30 th Jun 2024 (current) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

32. Intangible Assets-Software

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | | |
| Additions | | |
| Additions–Internal development | | |
| Disposal | (0) | (0) |
| At end of the year | | |
| | | |
| Amortization and impairment | | |
| At beginning of the year | | |
| Amortization for the period | | |
| Impairment loss | | |
| At end of the year | | |
| NBV | 0 | 0 |

33. Investment Property

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| At beginning of the year | | |
| Additions | | |
| Disposals during the year | (0) | (0) |
| Fair value gain | | |
| Depreciation (<i>where investment property is at cost</i>) | (0) | (0) |
| Impairment | (0) | (0) |
| At end of the year | | |

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

34. Trade and other Payables

| Description | 2023/2024 | | 2022/2023 | |
|---|-------------------|-----------------------|-----------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables - Various | 25,484,822 | | 17,118,888 | |
| Employee dues | 5,126,853 | | 4,221,747 | |
| Third-party payments (<i>unremitted payroll deductions</i>) | - | | - | |
| Audit fee | - | | - | |
| Doctors' fee | - | | - | |
| Total trade and other payables | 30,611,675 | | 21,340,635 | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the total |
| Under one year | 9,183,503 | 31% | - | 0% |
| 1-2 years | 10,714,086 | 22% | 11,470,677 | 54% |
| 2-3 years | 6,122,335 | 22% | - | 0% |
| Over 3 years | 4,591,751 | 26% | 9,869,958 | 46% |
| Total | 30,611,675 | 100% | 21,340,635 | 100% |

35. Refundable Deposits from Customers/Patients

| Description | 2023/2024 | | 2022/2023 | |
|------------------------------|------------------|-----------------------|------------------|-----------------------|
| | KShs | | KShs | |
| Medical fees paid in advance | - | | - | |
| Credit facility deposit | - | | - | |
| Rent deposits | - | | - | |
| Others (<i>specify</i>) | - | | - | |
| Total deposits | - | | - | |
| Ageing analysis: | 2023/2024 | % of the Total | 2022/2023 | % of the Total |
| Under one year | - | 0% | - | % |
| 1-2 years | - | 0% | - | % |
| 2-3 years | - | 0% | - | % |
| Over 3 years | - | 0% | - | % |
| Total | - | 0% | - | % |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

36. Provisions

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

37. Finance Lease Obligation

| Description | 2023/2024 | 2022/2023 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Current Lease obligation | - | - |
| Long term lease obligation | - | - |
| Total | - | - |

38. Deferred Income

| Description | 2023/2024 | 2022/2023 |
|---------------------|-----------|-----------|
| | KShs | KShs |
| Current Portion | 0 | 0 |
| Non-Current Portion | 0 | 0 |
| Total | 0 | 0 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

| Description | National government | International funders/ donors | Public contributions and donations | Total |
|---|---------------------|-------------------------------|------------------------------------|----------|
| Balance b/f | 0 | 0 | 0 | 0 |
| Additions during the year | 0 | 0 | 0 | 0 |
| Transfers to Capital fund | (0) | (0) | (0) | (0) |
| Transfers to statement of financial performance | (0) | (0) | (0) | (0) |
| Other transfers (<i>Specify</i>) | (0) | (0) | (0) | (0) |
| Balance C/F | 0 | 0 | 0 | 0 |

39. Borrowings

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | KShs | KShs |
| Balance at beginning of the period | 0 | 0 |
| External borrowings during the year | 0 | 0 |
| Domestic borrowings during the year | 0 | 0 |
| Repayments of external borrowings during the year | (0) | (0) |
| Repayments of domestic borrowings during the year | (0) | (0) |
| Balance at end of the period | 0 | 0 |

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

| Description | 2023/2024 | 2022/2023 |
|------------------------|-----------|-----------|
| | KShs | KShs |
| Current Obligation | 0 | 0 |
| Non-Current Obligation | 0 | 0 |
| Total | 0 | 0 |

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

40. Service Concession Arrangements

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | 0 | 0 |
| Accumulated depreciation to date | (0) | 0 |
| Net carrying amount | <u>0</u> | <u>0</u> |
| Service concession liability at beginning of the year | 0 | 0 |
| Service concession revenue recognized | (0) | (0) |
| Service concession liability at end of the year | <u>0</u> | <u>0</u> |

41. Social Benefits

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Health social benefit scheme | 0 | 0 |
| Unemployment social benefit scheme | 0 | 0 |
| Orphaned and vulnerable benefit scheme | 0 | 0 |
| People Living with Disabilities benefit Scheme | 0 | 0 |
| Elderly social benefit scheme | 0 | 0 |
| Bursary social benefits | 0 | 0 |
| Total | 0 | 0 |
| Current social benefits | 0 | 0 |
| Non- current social benefits | 0 | 0 |
| Total (tie to totals above) | 0 | 0 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

42. Cash Generated from Operations

| Description | Insert Current FY | Insert Comparative FY |
|--|----------------------|-----------------------------|
| | KShs | KShs |
| Surplus for the year before tax | 0 | 0 |
| Adjusted for: | | |
| Depreciation | 0 | 0 |
| Non-cash grants received | (0) | (0) |
| Impairment | 0 | 0 |
| Gains and losses on disposal of assets | (0) | (0) |
| Contribution to provisions | 0 | 0 |
| Contribution to impairment allowance | 0 | 0 |
| Working Capital adjustments | | |
| Increase in inventory | (0) | (0) |
| Increase in receivables | (0) | (0) |
| Increase in deferred income | 0 | 0 |
| Increase in payables | 0 | 0 |
| Increase in payments received in advance | 0 | 0 |
| Net cash flow from operating activities | 0 | 0 |

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

43. Financial Risk Management

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

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

(i) Credit risk

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

| Description | Total amount | Fully performing | Past due | Impaired |
|---|-------------------|-------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 (previous year) | | | | |
| Receivables from exchange transactions | 0 | 0 | 0 | 0 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2024 (current year) | 0 | 0 | 0 | 0 |
| Receivables from exchange transactions | 65,682,008 | 65,682,008 | 65,682,008 | 65,682,008 |
| Receivables from –non-exchange transactions | 0 | 0 | 0 | 0 |
| Bank balances | 0 | 0 | 0 | 0 |
| Total | 65,682,008 | 65,682,008 | 65,682,008 | 65,682,008 |

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

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

(ii) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade payables | 0 | 0 | 17,118,888 | 17,118,888 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 0 | 0 | 4,221,747 | 4,221,747 |
| Total | 0 | 0 | 21,340,635 | 21,340,635 |
| At 30 June 2024 | | | | |
| Trade payables | 0 | 0 | 25,484,822 | 25,484,822 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | | |
|-----------------------------|----------|----------|-------------------|-------------------|
| Deferred income | 0 | 0 | 0 | 0 |
| Employee benefit obligation | 0 | 0 | 5,126,853 | 5,126,853 |
| Total | 0 | 0 | 30,611,675 | 30,611,675 |

(iii) Market risk

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

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

a) Foreign currency risk

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

| Description | KShs | Other currencies | Total |
|---|----------|------------------|----------|
| | Kshs | | Kshs |
| At 30 June 20xx | | | |
| Financial assets (investments, cash, debtors) | 0 | 0 | 0 |
| Liabilities | | | |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net foreign currency asset/(liability) | 0 | 0 | 0 |

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

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Description | KShs | Other currencies | Total |
|---|----------|------------------|----------|
| | Kshs | | Kshs |
| At 30 June 2024 | | | |
| Financial assets (investments, cash, debtors) | 0 | 0 | 0 |
| Liabilities | 0 | 0 | 0 |
| Trade and other payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net foreign currency asset/(liability) | 0 | 0 | 0 |

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-----------------------------|-------------------------|-----------------------------|------------------|
| | Kshs | Kshs | Kshs |
| 20XX (previous year) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| 20XX (current year) | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

b) Interest rate risk

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

Management of interest rate risk

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

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

| Description | Current Period | Comparative Period |
|---|----------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | | |
| Retained earnings | | |
| Capital reserve | | |
| Total funds | | |
| Total borrowings | | |
| Less: cash and bank balances | (0) | (0) |
| Net debt/ (<i>excess cash and cash equivalents</i>) | | |
| Gearing | % | % |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

44. Related Party Balances

Nature of related party relationships

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

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

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

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| | | |
| a) Services offered to related parties | | |
| Services | | |
| Sales of services | | |
| Total | | |
| | | |
| b) Grants from the Government | | |
| Grants from County Government | 19,533,000 | 19,533,000 |
| Grants from the National Government Entities | | |
| Donations in kind | | |
| Total | 19,533,000 | 19,533,000 |
| | | |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages | | |
| Payments for goods and services | | |
| Total | | |
| | | |
| d) Key management compensation | | |
| Directors' emoluments | | |
| Compensation to the medical Sup | | |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Description | 2023-2024 | 2022-2023 |
|--------------------------------|--------------------------|--------------------------|
| | Kshs | Kshs |
| Compensation to key management | | |
| Total | <u>19,533,000</u> | <u>19,533,000</u> |

45. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

46. Contingent Liabilities

| Contingent liabilities | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Court case xxx against the hospital | | |
| Bank guarantees in favour of subsidiary | | |
| Total | | |

47. Capital Commitments

| Capital Commitments | 2023-2024 | 2022-2023 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Authorised For | | |
| Authorised And Contracted For | | |
| Total | | |

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The entity is a County entity. Its ultimate parent is the County Government of Machakos.

50. Currency

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

17. 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) |
|--|---|---|-----------------------------------|---|
| Ref: L5H/2022-2023/(12) | Misstatement of Revenue from Non- Exchanges Transactions | There was an error in revenue report generation which has since been rectified. | Resolved | Done |
| Ref: L5H/2022-2023/(12) | Inaccuracies of the Financial Statements | <ul style="list-style-type: none"> i. Table of contents has been corrected ii. Under “Management team” Managers passport size photo, name and key professional/ academic qualification were included in the Financial Statement iii. The report of the medical Superintendent was signed iv. Date of signing the Financial Statement has been indicated <p>The following Figures in the face of Financial Statement have been corrected to reflect in the correct position.</p> | Resolved | Done |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| 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) |
|--|---|--|------------------------------------|---|
| Ref: L5H/2022-2023/(12) | Unconfirmed Cash and Cash Equivalents | The statement of Financial position and as disclosed in Note 27 in the financial statement reflects a cash and cash equivalent Balance of 625.40 which is the actual balance as per the bank reconciliation Statement. The cash book balance of 55,205 includes unposted amount of in the cash book of 50,000 and bank charges of 4,580.25. | Resolved | Done |
| Ref: L5H/2022-2023/(12) | Advance Payment for Fuel, Oils and Lubricants | The hospital budget is controlled at the County health department and hence we only receive cash transfers for emergency services from the county treasury. We only pay for fuel when emergencies occur. | Resolved | Done |
| Ref: L5H/2022-2023/(12) | Unaccounted for Expenditure on Repairs and Maintenance | The Statement of financial performance for the year ended 30 th June 2023 and as disclosed under Note 19 to the financial statements reflects an expenditure of Ksh. 8,285,265 in respect to Repairs and Maintenance. Included in this balance is an amount of Kshs. 5,420,867 relating to repairs of Buildings at the Machakos Level 5 Health facility. The following documents awarded contracts to M/s Intra Chem agencies at a contract sum of Kshs. 3,262,906 and to M/s M and J Holdings Limited at a contract sum of Kshs. 2,906,164 for renovation of | Resolved | Done |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| 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) |
|--|--|---|---|---|
| | | Doctors Lounge and intern houses and for supply and delivery of renovation Materials respectively are currently available for audit. | | |
| Ref: L5H/2022-2023/(12) | Long outstanding Pending Bills | The Hospital was previously (before devolution) relying on its own source revenue. It had financial autonomy and was a procuring entity. However, after devolution the operations changed and its revenues were channeled to County Revenue Fund (CRF). This made it impossible to pay for the bills that had been incurred by then. This trend is still on but we commit to pay once we regain financial autonomy. | On-going Resolve | On-going Resolve (a policy is being put in place to clear the outstanding debts) |
| Ref: L5H/2022-2023/(12) | Irregular Expenditure on Employee Costs | <p>i. Payment of Allowances without valid Contracts</p> <p>The hospital has had an accurate shortage of staff; the management is in the process of regularizing their recruitment through Public Service Board.</p> <p>ii. Failure to deduct PAYE</p> <p>The hospital has not had KRA Pin for the period under review. However, we obtained the KRA Pin in August 2023 and</p> | On-going Resolve on Item (i) through Machakos PSB. Item (ii) Resolved | On-going resolve within six months on item (i). Item (ii) Done. |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| 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) |
|--|---|---|-----------------------------------|---|
| | | hence we have been deducting and remitting the taxes . | | |
| Ref: L5H/2022-2023/(12) | Budget Control and Performance | The hospital has a budget which is prepared and controlled at Department of Health. Procurement of goods and services also take place at the same Department and goods are received in kind in the hospital. | Resolved | Done |
| Ref: L5H/2022-2023/(12) | Management of Pharmaceutical Supplies (Drugs) | <p>(i) Expired Drugs The hospital is the collection point of all the Expired Drugs in the County. Thus Ksh. 1,289,955 is a reflection of the expired drugs received from all Machakos county health facilities.</p> <p>(ii) Stock Control Method The weakness is noted however the details of the batch numbers is available in electronic records. The weakness will be rectified.</p> | On-going resolve | On-going |
| Ref: L5H/2022-2023/(12) | Failure to Conduct Annual Stock Taking I Unconfirmed inventories | The hospital had an inventory control system in electronic form i.e. Fun Soft which was replaced. However, we acknowledge the gap and we commit to rectify. | On-going resolve | On-going |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| 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) |
|--|---|--|-----------------------------------|---|
| Ref: L5H/2022-2023/(12) | Lack of Board of Management | The Boards were disbanded in December 2013. Since then there has been no active Board in all facilities in the County. The County is on the process of implementing FIF that will enable H.E the Governor appoint the Board of Management as required by the law. | On-going | One Year |
| Ref: L5H/2022-2023/(12) | Lack of a Risk Management Policy | The Hospital Currently has no Risk Management Policy in Place. It is in the process of Developing the same through the Hospital Management Team and it will be in place by the end of the financial Year. | On-going Resolve | Six Month Period |
| Ref: L5H/2022-2023/(12) | Failure to Appoint an Audit Committee | The hospital has been relying on the Departmental Audit team which has been assisting in internal control systems. However, once the FIF Act is implemented and the Hospital becomes procuring entity we will be forming the Audit Committed as required by the Law. | On-going | Six Month Period |
| Ref: L5H/2022-2023/(12) | Failure to Prepare an Operational Budget | The Hospital is not yet a separate entity and therefore relies on the county Executive for its budgeting activities. The funds received as transfers from the county are for catering the Emergency cases only and are also processed from the same budget. | On-going | On-going |
| | Implementation of Universal | There are staffing norms which are set by the National | On-going | On-going |

*Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

| 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) |
|--|--------------------------------------|---|-----------------------------------|---|
| | Health Care (UHC) | Government. There has been serious staff shortage by different carders emanating from mass exodus due to retirement, search for greener pastures and natural attrition. However, the Hospital Management has made efforts to request for the replacement of the various exits. The Hospital has also been engaging some of this carders on Locum basis as per demand of the work load. | | |
| Ref: L5H/2022-2023/(12) | Property, Plant and Equipment | The County Executive owns the hospital 100% and the exercise of identification and valuation of the assets is ongoing under full control of the County Executive. The hospital is awaiting report from the Executive in regard to assets and their corresponding values to facilitate preparation of Fixed Assets Register (FAR) and consequently have all assets find their way into the financial statements of the facility. | On-going | On-going |

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

- (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 entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


.....
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|---------------------|------------------|---|---|
| 1 | | | | | | |
| 2 | | | | | | |

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


Appendix III: Inter-Entity Confirmation Letter


Name of Transferring entity: Machakos County Government

Name of Beneficiary entity: Machakos Level 5 Hospital

| Confirmation of amounts received by [Machakos Level 5 Hospital] as at 30 th June 2024 | | | | | |
|--|----------------|-------------------|-----------------|-------------------|-------------------------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| FT233078N0T0 | 03.11.2023 | 5,500,000 | 0 | 5,500,000 | For Hospital Operations |
| FT24008R4MHM | 08.01.2024 | 5,000,000 | 0 | 5,000,000 | For Hospital Operations |
| FT24109Z30G7 | 18.04.2024 | 6,533,000 | 0 | 6,533,000 | For Hospital Operations |
| FT241728BKL0 | 20.06.2024 | 2,500,000 | 0 | 2,500,000 | For Hospital Operations |
| Total | | 19,533,000 | 0 | 19,533,000 | |

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

Head of Accounts Department - Disbursing Entity:
 NameDr. Bernard Muli (PhD)..... Sign  Date 9/1/2025

Head of Accounts Department - Beneficiary Entity:
 NameCPA Charles Wanderi..... Sign  Date 09/01/2025

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Confirmation of amounts received by [Machakos Level 5 Hospital as at 30th June 2024 | | | | | |
|---|-----------------------|----------------------|------------------------|------------------------|---|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| FT2323008SG2 | 18.08.2023 | 16,500,000 | | 16,500,000 | NHIF Reimbursements for Hospital Operations |
| FT241416HN4L | 20.05.2024 | 142,940 | | 142,940 | NHIF Reimbursements for Hospital Operations |
| FT2414151FGV | 20.05.2024 | 6,940 | | 6,940 | NHIF Reimbursements for Hospital Operations |
| FT24141KY12K | 20.05.2024 | 19,740 | | 19,740 | NHIF Reimbursements for Hospital Operations |
| FT241416WLS0 | 20.05.2024 | 182,440 | | 182,440 | NHIF Reimbursements for Hospital Operations |
| FT2414149D45 | 20.05.2024 | 156,277 | | 156,277 | NHIF Reimbursements for Hospital Operations |
| FT24141PFMR1 | 20.05.2024 | 6,540 | | 6,540 | NHIF Reimbursements for Hospital Operations |
| FT2414144X7L | 20.05.2024 | 92,440 | | 92,440 | NHIF Reimbursements for Hospital Operations |
| FT24141K2H1Q | 20.05.2024 | 90,940 | | 90,940 | NHIF Reimbursements for Hospital Operations |
| FT241411G49R | 20.05.2024 | 42,761 | | 42,761 | NHIF Reimbursements for Hospital Operations |
| FT24141Y5XMK | 20.05.2024 | 3,440 | | 3,440 | NHIF Reimbursements for Hospital Operations |
| FT24141Q6LW7 | 20.05.2024 | 159,440 | | 159,440 | NHIF Reimbursements for Hospital Operations |
| FT24141TQNMM | 20.05.2024 | 50,440 | | 50,440 | NHIF Reimbursements for Hospital Operations |
| FT24141T97SP | 20.05.2024 | 87,040 | | 87,040 | NHIF Reimbursements for Hospital Operations |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | | |
|--------------|------------|---------|---------|---|
| FT241416MCY7 | 20.05.2024 | 122,440 | 122,440 | NHIF Reimbursements for Hospital Operations |
| FT241413Z7D8 | 20.05.2024 | 99,740 | 99,740 | NHIF Reimbursements for Hospital Operations |
| FT24141PC45L | 20.05.2024 | 208,840 | 208,840 | NHIF Reimbursements for Hospital Operations |
| FT24141MQKH5 | 20.05.2024 | 88,940 | 88,940 | NHIF Reimbursements for Hospital Operations |
| FT24141NZNWS | 20.05.2024 | 30,640 | 30,640 | NHIF Reimbursements for Hospital Operations |
| FT24141F2SB6 | 20.05.2024 | 61,540 | 61,540 | NHIF Reimbursements for Hospital Operations |
| FT24141FMVWK | 20.05.2024 | 149,440 | 149,440 | NHIF Reimbursements for Hospital Operations |
| FT24141K3RZ6 | 20.05.2024 | 52,440 | 52,440 | NHIF Reimbursements for Hospital Operations |
| FT241419BRXX | 20.05.2024 | 80,440 | 80,440 | NHIF Reimbursements for Hospital Operations |
| FT24141NCDBM | 20.05.2024 | 58,440 | 58,440 | NHIF Reimbursements for Hospital Operations |
| FT24141L66VR | 20.05.2024 | 69,040 | 69,040 | NHIF Reimbursements for Hospital Operations |
| FT2414148FWW | 20.05.2024 | 87,440 | 87,440 | NHIF Reimbursements for Hospital Operations |
| | 20.05.2024 | 807,340 | 807,340 | NHIF Reimbursements for Hospital Operations |
| FT24141Q9NYQ | 20.05.2024 | 54,440 | 54,440 | NHIF Reimbursements for Hospital Operations |
| FT24141LGFKV | 20.05.2024 | 89,440 | 89,440 | NHIF Reimbursements for Hospital Operations |
| FT24141ZJGXM | 20.05.2024 | 160,940 | 160,940 | NHIF Reimbursements for Hospital Operations |
| FT241412Q57Y | 20.05.2024 | 311,283 | 311,283 | NHIF Reimbursements for Hospital Operations |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | | | |
|--------------|------------|-----------|--|-----------|---|
| FT241418LV6B | 20.05.2024 | 111,940 | | 111,940 | NHIF Reimbursements for Hospital Operations |
| FT241419XH5Z | 20.05.2024 | 117,440 | | 117,440 | NHIF Reimbursements for Hospital Operations |
| FT24141FSX4V | 20.05.2024 | 139,937 | | 139,937 | NHIF Reimbursements for Hospital Operations |
| FT24141YMXTZ | 20.05.2024 | 18,200 | | 18,200 | NHIF Reimbursements for Hospital Operations |
| FT241415LKVJ | 20.05.2024 | 9,600,344 | | 9,600,344 | NHIF Reimbursements for Hospital Operations |
| FT241412CXX5 | 20.05.2024 | 5,671,750 | | 5,671,750 | NHIF Reimbursements for Hospital Operations |
| FT24150DKXWS | 29.05.2024 | 146,940 | | 146,940 | NHIF Reimbursements for Hospital Operations |
| FT241506CGHQ | 29.05.2024 | 275,140 | | 275,140 | NHIF Reimbursements for Hospital Operations |
| FT24150FKHSN | 29.05.2024 | 62,940 | | 62,940 | NHIF Reimbursements for Hospital Operations |
| FT24150Z00HZ | 29.05.2024 | 183,940 | | 183,940 | NHIF Reimbursements for Hospital Operations |
| FT24150VDB1M | 29.05.2024 | 297,440 | | 297,440 | NHIF Reimbursements for Hospital Operations |
| FT24150L6JN1 | 29.05.2024 | 143,440 | | 143,440 | NHIF Reimbursements for Hospital Operations |
| FT241502LPJQ | 29.05.2024 | 220,440 | | 220,440 | NHIF Reimbursements for Hospital Operations |
| FT241506QDV2 | 29.05.2024 | 132,840 | | 132,840 | NHIF Reimbursements for Hospital Operations |
| FT241505L5RN | 29.05.2024 | 62,940 | | 62,940 | NHIF Reimbursements for Hospital Operations |
| FT2415068FLP | 29.05.2024 | 327,440 | | 327,440 | NHIF Reimbursements for Hospital Operations |
| FT24150ZC1W6 | 29.05.2024 | 69,440 | | 69,440 | NHIF Reimbursements for Hospital Operations |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | | |
|--------------|------------|---------|---------|---|
| FT24150S0SFB | 29.05.2024 | 164,040 | 164,040 | NHIF Reimbursements for Hospital Operations |
| FT24150H565N | 29.05.2024 | 206,440 | 206,440 | NHIF Reimbursements for Hospital Operations |
| FT24150TKYGQ | 29.05.2024 | 174,940 | 174,940 | NHIF Reimbursements for Hospital Operations |
| FT24150NJFNC | 29.05.2024 | 162,069 | 162,069 | NHIF Reimbursements for Hospital Operations |
| FT24150Y8K6M | 29.05.2024 | 195,140 | 195,140 | NHIF Reimbursements for Hospital Operations |
| FT24150C3S5L | 29.05.2024 | 283,440 | 283,440 | NHIF Reimbursements for Hospital Operations |
| FT2415015RXY | 29.05.2024 | 587,940 | 587,940 | NHIF Reimbursements for Hospital Operations |
| FT24150F0DG8 | 29.05.2024 | 294,440 | 294,440 | NHIF Reimbursements for Hospital Operations |
| FT24150196RG | 29.05.2024 | 120,440 | 120,440 | NHIF Reimbursements for Hospital Operations |
| FT24150CLWS8 | 29.05.2024 | 80,440 | 80,440 | NHIF Reimbursements for Hospital Operations |
| FT2415090L27 | 29.05.2024 | 169,940 | 169,940 | NHIF Reimbursements for Hospital Operations |
| | 29.05.2024 | 149,340 | 149,340 | NHIF Reimbursements for Hospital Operations |
| FT241663VG2Z | 14.06.2024 | 188,440 | 188,440 | NHIF Reimbursements for Hospital Operations |
| FT24166K6CL1 | 14.06.2024 | 97,440 | 97,440 | NHIF Reimbursements for Hospital Operations |
| FT24166J2G29 | 14.06.2024 | 143,940 | 143,940 | NHIF Reimbursements for Hospital Operations |
| FT24166991JJ | 14.06.2024 | 230,940 | 230,940 | NHIF Reimbursements for Hospital Operations |
| FT241666F8TL | 14.06.2024 | 3,440 | 3,440 | NHIF Reimbursements for Hospital Operations |

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


| | | | | | |
|--------------|------------|-------------------|--|-------------------|---|
| FT24166VKJC1 | 14.06.2024 | 149,083 | | 149,083 | NHIF Reimbursements for Hospital Operations |
| FT24166T3RL0 | 14.06.2024 | 185,440 | | 185,440 | NHIF Reimbursements for Hospital Operations |
| FT24166XNK7B | 14.06.2024 | 34,440 | | 34,440 | NHIF Reimbursements for Hospital Operations |
| FT24166DJZVD | 14.06.2024 | 184,193 | | 184,193 | NHIF Reimbursements for Hospital Operations |
| Total | | 41,462,717 | | 41,462,717 | |
| | | | | | |

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

Head of Accounts Department - Disbursing Entity:

NameElizabeth Kasina..... Sign  Date 9/1/25.....

Head of Accounts Department - Beneficiary Entity:

NameCPA Charles Wanderi..... Sign  Date 09/01/2025.....

Machakos Level 5 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Appendix IV Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Quarter | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|---------|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Appendix V: Disaster Expenditure Reporting Template

| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
|-----------|---------------|---------------|--|------------------|----------------|----------|
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |