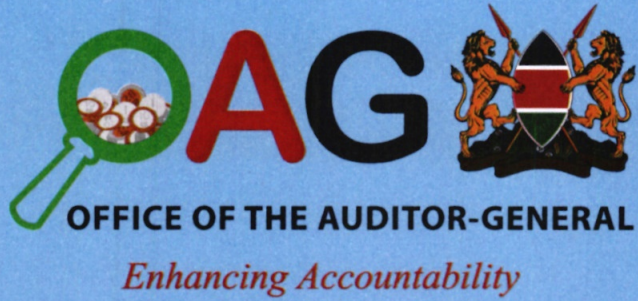


REPUBLIC OF KENYA



REPORT

PAPERS LAID
DATE 27.02/24
TABLED BY MAJORITY LEADER
COMMITTEE FINANCE & BUDGET
OF THE TABLE

OF

THE AUDITOR-GENERAL

ON



NYERI COUNTY HEALTH SERVICES FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL
CENTRAL REGIONAL OFFICE
★ 08 NOV 2023 ★
RECEIVED
P. O. Box 267 - 10100, NYERI.



NYERI COUNTY HEALTH SERVICES FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Table of Contents

1. Acronyms and Glossary of Terms.....	iii
2. Key Entity Information and Management.....	iv
3. The Board of Management.	vii
4. Management Team.	ix
5. Fund Board Chairperson’s Report.....	x
6. Report of the Fund Administrator	xii
7. Statement of Performance against the County Fund’s Predetermined Objectives.....	xiv
8. Corporate Governance Statement.....	xv
9. Management Discussion and Analysis (Board of Management).....	xvii
10. Environmental and Sustainability Reporting.....	xviii
11. Report of the Health Fund Board.....	xix
12. Statement of Management’s Responsibilities	xx
13. Report of the Independent Auditor (Outstanding Issue).....	xxi
14. Statement of Financial Performance for the Year Ended 30th June, 2023.....	1
15. Statement of Financial Position as at 30 June, 2023	2
16. Statement Of Changes in Net Assets for the year ended 30 th June, 2023.....	4
17. Statement Of Cash Flows For The Year Ended 30 June, 2023.....	5
18. Statement of Comparison of Budget And Actual Amounts For the Period.....	7
19. Notes to the Financial Statements	8
19. Progress on Follow up of Prior Year Auditor’s Recommendations.....	36

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Nyeri County Health Services Fund is established by and derives its authority and accountability from Nyeri County Health Fund Act, 2021 on 01st July, 2021. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The objectives of the Health Services Fund are as follows:

- (a) Improve the quality of Health Care Services
- (b) Ensure facilities have better access to financial resources
- (c) Ensure health facilities are responsive to medical and public health emergencies

b) Principal Activities

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on-
 - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (ii) approval of primary health services expenditure plans
- (d) Receive reports from the Hospital management boards for its consideration and adoption.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

c) Fund Board Members

Ref	Name	Position
1	Anthony Maina Mithanga	Fund Board Chairman
2	Jesse Armstrong Kamau	Fund Board Vice Chairman
3	Richard Kuria Kimani	Fund Administrator/Secretary
4	Ibrahim Adan	Member
5	Dr. Nelson Mwangi Muriu	Member
6	Dr. Francis Kimani Mwihia	Member
7	John Ngugi	Member
8	Robin Muriuki Ndegwa	Member

d) Key Management

Ref	Name	Position
1	Ibrahim Adan	Chief Officer Health Services
2	Dr. Nelson Mwangi Muriu	Director Health Services
3	Richard Kuria Kimani	Director Finance/Fund Administrator

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

e) Registered Offices

P.O. Box 1112-10100
Block 'A' Building/Regional Commissioners Offices
Nyeri / Kamakwa Road
Nyeri, KENYA

f) Fund Contacts

P.O. Box 1112-10100
E-mail: .go.ke
Website: www.nyeri.go.ke

g) Fund Bankers

1. Co-op Bank of Kenya
Kenyatta Avenue
P.O. Box 192
Nyeri 10100
Nyeri, Kenya

2.
Kenyatta Avenue
P.O Box
Nyeri 10100
Nyeri, Kenya






h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

i) Principal Legal Adviser




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

3. The Board of Management.

Name	Details of qualifications and experience
<p>1. Anthony Maina Mithanga</p> 	<p>Chairman of the Board. Date of Birth 1968; University Education; BSC in Computer Science. Managing Director in a Private Firm for more than 10 years.</p>
<p>2. Jesse Armstrong Kamau</p> 	<p>Vice Chairman of the Board. Date of Birth 1957; Education; 'A' Level. Banker for more than 20 years.</p>
<p>3. Ibrahim Adan</p> 	<p>Executive Member of the Board. Date of Birth 1986; University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management. Head of Finance in NGO/ Government of Kenya for more than 15 years.</p>
<p>4. Dr. Nelson Mwangi Muriu</p> 	<p>Executive Member of the Board. Date of Birth 1980; University Education; MBChB – Masters in Epidemiology. Worked with the Government of Kenya for more than 15 years.</p>
<p>5. Dr. Francis Kimani Mwiha</p> 	<p>Independent Member of the Board. Date of Birth 1954; University Education; PhD in Public Health Management. Director of Health Services in the Government of Kenya for more than 10 years.</p>




Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

<p>6. John Ngugi</p> 	<p>Executive Member of the Board. Date of Birth 1968; University Education; BSC in Agricultural Engineering and Certified Public Accountant of Kenya. Head of Finance in the Government of Kenya for more than 30 years.</p>
<p>7. Robinson Ndegwa</p> 	<p>Independent Member of the Board. Date of Birth 1971; University Education; B.A. of Arts in Political Science. Director of a Private Company in Kenya for more than 10 years.</p>
<p>8. Richard Kuria Kimani</p> 	<p>Executive Member of the Board. Date of Birth 1969; University Education; BCom Finance and Certified Public Accountant of Kenya. Head of Finance in the Government of Kenya for more than 30 years.</p>

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team.

Name	Details of qualifications and experience
<p>Ibrahim Adan</p> 	<p>Chief Officer for Health Services Date of Birth 1986; University Education; BBA in Accounting and Finance and Certified Public Accountant/ Secretary of Kenya; Masters in Strategic Management. Head of Finance in NGO/ Government of Kenya for more than 15 Years.</p>
<p>Dr. Nelson Mwangi Muriu</p> 	<p>Director Health Services Date of Birth 1980; University Education; MBChb – Masters in Epidemiology. Worked with the Government of Kenya for more than 15 Years.</p>
<p>Richard Kuria Kimani</p> 	<p>Director Finance and Fund Administrator Date of Birth 1969; University Education; BCom Finance and Certified Public Accountant of Kenya . Head of Finance in the Government of Kenya for more than 30 years.</p>

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Board Chairperson's Report

Foreword note by the Chairperson of the Health Services Fund Board

The Health Services Fund was established by an Act of the County Assembly of Nyeri in July 2021. The Health Services Fund operation for two years has realised tremendous growth of over 300% from collections on Facility Fees and Charges. The Fund is earmarked to hit a target of Kshs1 Billion by the end of the Financial Year 2025/2026.

Health Facilities have reported improvement in Service delivery especially on operational expenditure as they are able to plan and implement their programmes on the Quarterly allocations.

The Health Services Fund Board having been in existence for two years recommend that the Fund should have a Structure, Staff Establishment and an Administration Block. The Fund has a huge potential require to have its own Motor Vehicle for Fund Operations.

I wish to thank the Board and the Secretariat for the great work done in the last two years.

- *Changes in the Fund during the year (in terms of the board or key management team)*

One Executive Board Member Mr. Newton Wambugu exited service in October, 2021 and was replaced by Mr. Ibrahim Adan. No changes have taken place in the current year.

- *Review of the Fund's performance*

The Health Services Fund set a target of Kshs. 522 Million to Hospitals and facilities for revenue collection.

By 30th June 2022, the fund was able to raise Ksh. 471 Million translating to 90% of the targeted collection. The short fall was occasioned by the National Hospital Insurance Fund not paying 100% of the claims made to it.

- *Future outlook of the Fund*

The Fund has a huge potential which needs to be harnessed and guarded. It is evident that the Fund can hit Kshs1 Billion if well managed. The Fund should have a Structure, Staff Establishment and an Administration Block. It has a huge potential and requires to have its own Motor Vehicle for Fund Operations.

The Health Services Fund board looks forward to ensuring that at least 50% of all the Funds collected go to Medical Supplies.

The revenue generated is ploughed back to raise more revenue. The County Public Health Facilities do not go for cost recovery. The funds injected into the Hospitals are realized at 30%.

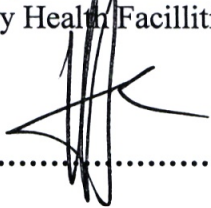
Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

- *Any other matters deemed necessary*

The Health Services Fund was to supplement the Health Department budget for provision of better health services.

- *Conclusion*

The Health Services Fund is the way to go in the provision of Health Services in the County and the Country at large. The turnaround time has been reduced in the provision of Health Services in the County Health Facilities.



.....

Name:

Chairman.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of the Fund Administrator

The County Government of Nyeri enacted the Nyeri County Health Services Fund Act in June 2021.

The Health Services Fund Board was inaugurated on 4th August, 2021 and the Fund Board held its first meeting on 12th August, 2021.

Establishment of the Health Services Fund

- 1) There is hereby established a Fund to be known as the Nyeri County Health Services Fund.
- 2) The Fund shall be administered in accordance with Section 116 of the Public Finance Management Act, 2012.
- 3) There shall be paid into the fund -;
 - a) Such monies received as user fees payable, or insurance payments collectable under this Act;
 - b) Any income generated by a health facility from any project initiated by the health facility; or
 - c) Any other monies received from a lawful source.

Objects of the Fund

The objects and purposes of the Fund are -

- (a) improve the quality of health care services
- (b) ensure facilities have better access to financial resources
- (c) ensure health facilities are more responsive to medical and public health emergencies
- (d) ensure an amount totalling to not less than twenty per cent of the monies are set aside for disbursement and are equitably allocated to primary health services.

The Fund Administrator is guided by the provisions of the Nyeri County Health Services Fund Act, 2021 and its subsequent regulations.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Health Services Fund set a target of Kshs. 522 Million to Hospitals and facilities for revenue collection.

By 30th June 2023, the Fund was able to raise kshs. 471 Million translating to 90% of the targeted collection. The Fund was not be able to hit the set target of Ksh.522 Million since income from NHIF to Hospitals, Level 2&3 Facilities was not paid 100%.

HOSPITALS AND RURAL FACILITIES ACTUAL REVENUE COLLECTION					
FY 2022/2023					
FACILITY NAME	Q1	Q2	Q3	Q4	TOTALS
Nyeri CRH	44,051,729	66,474,225	48,200,899	66,327,574	225,054,427
Karatina	21,974,461	30,958,929	24,689,375	26,610,390	104,233,155
Mukurweini	9,943,342	15,769,103	13,367,601	17,607,486	56,687,532
Othaya	5,302,609	8,814,155	8,773,734	9,467,054	32,357,552
Mt. Kenya	3,979,538	3,916,261	4,400,584	4,785,104	17,081,487
Karia Rehab Centre	611,500	644,845	746,610	772,175	2,775,130
Level 2 & 3 (Others)	5,196,114	5,887,977	7,887,140	13,946,114	32,917,345
TOTALS	91,059,293	132,465,495	108,065,943	139,515,897	471,106,628



Name: **RICHAR KIMANI**

Fund Administrator

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

7. Statement of Performance against the County Fund's Predetermined Objectives.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The objectives of the Fund as per the Strategic Plan for 2018-2023 are as follows;

The plan has 6 core strategic directions as outlined in the KHSSP 2018-2023

- a) Eliminate communicable conditions
- b) Halt and reverse the rising burden of non-communicable conditions and mental disorders
- c) Reduce the burden of violence and injuries
- d) Provide essential healthcare
- e) Minimize exposure to health risk factors
- f) Strengthen collaboration with private and other sectors that have an impact on health.

Progress on attainment of Development Strategic objectives

All Development activities are carried out by the County through the Department of Health Services and the Health Services Fund deals with recurrent transfers.

Monitoring of Indicators is carried out at the Department level and the Fund Board does not monitor this.

Program	Objective	Outcome	Indicator	Performance
-	-	-	-	-

8. Corporate Governance Statement

- *The number of Board meetings held and the attendance to those meetings by member*

The Board had Six meetings in the Year, with a minimum of 5 members in attendance.

- *Succession plan,*

The Tenure of the Board expires after lapse of three years. The management is not affected by the tenure of Office of Members appointed to the Board.

- *Existence of a board charter,*

The Board does not have a Charter.

- *The process of appointment and removal of Board members,*

A member shall vacate his/her position as a member of the Fund Board if he/she;

- a) is absent from three (3) consecutive meetings of the Board without written apology;
- b) violates Chapter 6 of the Constitution;
- c) voluntarily resigns from Board;
- d) dies; or

Is so incapacitated by prolonged physical or mental illness as to be unable to attend and discharge his /her duties.

- *Functions of the Board*

The Fund Board shall-

- (a) provide oversight of the administration of the moneys drawn from the Fund;
- (b) mobilize resources for the Fund;
- (c) provide guidance to the Hospital management boards on:
 - (i) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (ii) approval of primary health services expenditure plans

Receive reports from the Hospital management boards for its consideration and adoption.

- *Induction and training,*

The Board members were inducted on 08th to 10th March, 2021.

- *Board and member performance.*

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Board performance is good on average at 99%.

- Conflict of interest.

No conflict of Interest has been noted in the management and running of the Fund Board.

- Board remuneration.

The Board Members remuneration is on sitting allowance only.

- *Ethics and conduct as well as Governance audit.*

The members conform to Chapter 6 of the Constitution on Ethics and Integrity.

9. Management Discussion and Analysis (Board of Management)

The Health Services Fund is managed by a Board of Management as per, 'The Nyeri County Health Services Fund Act, 2021'.

The Board of Management has both Executive and Non-Executive Members. The Executive members comprise Members from the Private Sector and the Executive are members of the Board in the Public Service.

10. Environmental and Sustainability Reporting

Nyeri County Health Services Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Health and Economic pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Report of the Health Fund Board.

The Health Fund Board submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs as at 30th June, 2023.

Principal activities

The principal activities of the Fund are:

The Fund Board shall-

- (e) provide oversight of the administration of the moneys drawn from the Fund;
- (f) mobilize resources for the Fund;
- (g) provide guidance to the Hospital management boards on-
 - (iii) proposals on user fees where the Hospital Board seeks to propose new user fees or changes to the old fees structure;
 - (iv) approval of primary health services expenditure plans
- (h) Receive reports from the Hospital management boards for its consideration and adoption.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1.

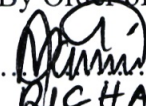
Health Fund Board

The members of the Board who served during the year are shown on page vii and viii. The changes in the Board during the financial year are as shown on page x.

Auditors

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

By Order of the Board


.....
RICHARD KIMANI
Date. **25/09/2023**

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Nyeri County Health Services Fund Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Nyeri County Health Services Fund Act, 2021*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

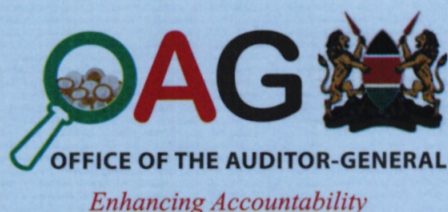
Approval of the financial statements

The Fund's financial statements were approved by the Board and signed on its behalf by:


.....
RICHARD KIMANI
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY HEALTH SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided 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

Opinion

I have audited the accompanying financial statements of Nyeri County Health Services Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Nyeri County Health Services Fund for the year ended 30 June, 2023

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, the financial statements present fairly, in all material respects, the financial position of Nyeri County Health Services Fund as at 30 June, 2023, and of its financial performance 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 Nyeri County Health Services Fund Act, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyeri County Health Services Fund Management in accordance with ISSAI 130 on 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 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Wasteful Expenditure on Staff Training and Conferences

The statement of financial performance reflects employee cost amount of Kshs.5,264,720 and as disclosed in Note 6 to the financial statements. Review of payment records revealed that this amount was spent on staff training and conferences. However, it was observed that all the trainings were conducted in hotels and conference facilities outside

Nyeri County instead of sourcing for facilities within the County to save on subsistence allowances and other related costs.

This was contrary to Regulation 22(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 149 (1) of the Act, be accountable to the County Assembly for ensuring the most effective means of achieving desired program outcomes are used.

In the circumstances, public funds were not prudently utilized and the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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 overall governance were not effective.

Basis for Conclusion

Weak Internal Controls

As previously reported, review of records provided for audit indicated that during the year under review, most of the activities of the Fund were carried out by the Fund Administrator and there was no segregation of duties as required. This was contrary to Regulation 22(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 149 (1) of the Act, be accountable to the County Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

In the circumstances, adequacy and effectiveness of the Fund's internal controls during the year under review 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 control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of appropriate basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 January, 2024

**Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Performance for the Year Ended 30th June, 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Revenue From Non-Exchange Transactions			
Transfer from a County Govt Entity	1	3,504,722	128,000,000
Rollover from previous year	2	102,606,174	0
Fines, Penalties and Other Levies	3	471,106,628	342,378,883
Total Funds		577,217,524	470,378,883
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		577,217,524	470,378,883
Expenses			
Employee Costs	6	5,264,720	59,000
Administration Expenses	7	4,372,810	1,762,380
Transfers to Health Facilities	9	500,306,396	365,951,329
Total Expenses		509,943,926	367,772,709
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/ For The Period		67,273,598	102,606,174

The notes set out on pages 8 to 37 form an integral part of these Financial Statements.

.....
Name: **RICHARD KIMANI**
Administrator of the Fund

.....
Name: **S. M. KIBIRU**
Fund Accountant
ICPAK Member Number: **21439**

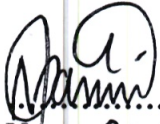
Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June, 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	67,273,598	102,606,174
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Total Current Assets		67,273,598	102,606,174
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
Total Assets		67,273,598	102,606,174
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	-	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities		-	-
Net Assets			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		67,273,598	102,606,174
Total Net Assets and Liabilities		67,273,598	102,606,174

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on and signed by:



.....
Name: **RICHARD KIMANI**
Administrator of the Fund




.....
Name: **S. M. KIBIRU**
Fund Accountant
ICPAK Member Number: 21439 .

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Changes in Net Assets for the year ended 30th June, 2023.

	Revolving Fund	Revaluation Reserve Kshs	Accumulated surplus Kshs	Total Kshs
Balance As At 1 July 2020	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	3,504,722	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	-	-	-	-
Balance As At 1 July 2022	-	-	-	-
Surplus/(Deficit) For the Period	-	-	102,606,174	-
Funds Received During the Year	-	-	471,106,628	-
Transfers	-	-	(500,306,396)	-
Expenses	-	-	(9,637,530)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	67,273,598	-


 Name: **RICHARD KIMANI**
 Administrator of the Fund


 Name: **S. M. KIBIRU**
 Fund Accountant
 ICPAK Member Number: **21439**

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

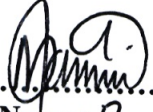
17. Statement Of Cash Flows For The Year Ended 30 June, 2023.


	Not e	2022-2023 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Rollover from previous year	1	102,606,174	-
Receipts from Govt Agencies	2	3,504,722	128,000,000
Receipts from other operating activities	3	471,106,628	342,378,883
Total receipts		577,217,524	470,378,883
Payments			
Employee Costs	6	5,264,720	59,000
Fund administration expenses	7	4,372,810	1,762,380
General expenses		-	-
Transfers to Health Facilities	9	500,306,396	365,951,329
Total payments		509,943,926	367,772,709
Net cash flows from operating activities	21	67,273,598	102,606,174
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-	-
Cash and cash equivalents at 1 July		-	-
Cash and cash equivalents at 30 June	11	67,273,598	102,606,174

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)


 Name: **RICHARD KIMANI**
 Administrator of the Fund


 Name: **S. M. KIBIRU**
 Fund Accountant
 ICPAK Member Number: **21439**

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Comparison of Budget And Actual Amounts For the Period.

Item	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Receipt from a County Govt Entity	0	0	0	3,504,722	3,504,722	100%
Roll over (Budgeted)	55,513,056	-	55,513,056	102,606,174	47,093,118	184%
Other Income	489,257,926	32,985,505	522,243,429	471,106,628	-51,136,801	90%
Total Income	544,770,982	32,985,505	577,756,485	577,217,524	-538,961	99%
Expenses						
Fund Administration Expenses	14,140,794	708,583	14,848,377	4,372,810	-10,475,567	29%
Employee Costs	9,300,000	200,000	9,500,000	5,264,720	-4,235,820	55%
Transfers	521,330,188	32,077,920	553,408,108	500,306,396	-53,101,712	90%
Total Expenditure	544,770,982	32,986,503	577,756,485	509,943,926	-67,813,099	89%

Budget notes

1. *Kshs3,504,722 was transferred to the Fund Account Erroneously as NHIF Refund. Kshs 47,093,118 was part of the Cash Balance at the end of Year 2022/2023. The Funds were to cater for collections for June, 2022 not received at the end of the Financial Year.*
2. *Kshs 10,475,567. The Fund Board wanted to Purchase its own Utility Motor Vehicle (Kshs 7,500,000). The Department of Health Services Chief Officer promised to seek Authority from the County Secretary to transfer one Vehicle to the Fund. This did not crystalize and the same was rolled over to the Financial Year 2023/2024.*
3. *Kshs 4,235,820. The Department of Health Services was not able to carry out two Trainings which were rolled over to Year 2023/2024. The program involved Facility Managers and required the Department of Health to have staff to relieve those trainees.*
4. *Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)- The difference was due to additional Funds*

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

Nyeri County Health Services Fund was established by and derives its authority and accountability from the Nyeri County Health Services Fund Act, 2021. The entity is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The entity's principal activity is to receive and distribute Funds to the Health Facilities (Hospitals and Levels 2&3).

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to both the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June, 2023

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</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>

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></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> <p><i>State the impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. 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.

ii. Revenue from exchange transactions

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 each period.

b) Budget information

No Subsequent revisions or additional appropriations were made to the approved budget.

No additional appropriations were added to the original budget by the entity.

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 section 15 of these financial statements.

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

c) 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.

d) 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 infinite.

e) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

f) 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 of 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 of cost and 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.

g) 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.

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.

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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.

h) 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.*

i) 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.

j) 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) 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.

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

l) 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.

m) 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 and senior managers.

n) 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.

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by Nyeri County Health Services Fund Act, 2021 under the Ministry of Devolution. Its ultimate parent is the County Government of Nyeri.

r) Currency

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

Summary Of Significant Accounting Policies (Continued)

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.

State all judgements, estimates and assumptions made e.g.

a) 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.

b) 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

c) Provisions

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

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

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

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Funds Rolled over from the Previous Year

Description	2022-2023	2021-2022
	Kshs	Kshs
Receipts from Previous Year	102,606,174	-
Total	102,606,174	-

2. Transfers from a County Government Entity

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From a County Govt. Entity	3,504,722	82,000,000
Development Funds Transfer	0	46,000,000
Total	3,504,722	128,000,000

3. Fees and Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees and Charges	471,106,628	342,378,883
Fines	-	-
Total	471,106,628	342,378,883

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income From Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Other income

Description	2022-2023 Kshs	2021-2022 Kshs
Insurance Recoveries	-	-
Income From Sale of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

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

6. Employee Costs

Description	2022-2023 Kshs	2021-2022 Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	5,264,720	59,000
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	5,264,720	59,000

7. Administration Expenses

Description	2022-2023 Kshs	2021-2022 Kshs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	4,350,440	1,733,015
Committee Allowances	-	-
Bank Charges	22,370	29,365
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	4,372,810	1,762,380

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Transfers

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to Health Facilities	500,306,396	365,951,329
Interest On Loans From Banks	-	-
Total	500,306,396	365,951,329

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	2,166,242	31,708,008
Current Account	65,107,356	70,135,611
Others- Cash at Hand		762,555
Total Cash And Cash Equivalents	67,273,598	102,606,174

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		2,166,242	31,708,008
Sub- Total		2,166,242	31,708,008
c) Current Account			
Co-op Bank		65,107,356	70,135,611
Bank B		-	-
Sub- Total		67,273,598	70,135,611
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand			762,555
Sub- Total			762,555
Grand Total		67,273,598	102,606,174

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

12. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

13. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computer s and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	-	-	-	-	-
Additions					
Disposals					
Transfers/Adjustments					
At 30th June 2021					
At 1st July 2021					
Additions					
Disposals					
Transfer/Adjustments					
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020					
Depreciation					
Impairment					
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation					
Disposals					
Impairment					

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions		
At End Of The Year		
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization		
At End Of The Year		
Impairment Loss		
At End Of The Year		
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables		
Refundable Deposits		
Accrued Expenses		
Other Payables		
Total Trade And Other Payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2022)	-	-	-	-
Additional Provisions				
Provision Utilised				
Change Due To Discount And Time Value For Money				
Transfers From Non -Current Provisions				
Balance At The End Of The Year (30.06.2023)	-	-	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

19. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments Of External Borrowings During the Period		
Repayments Of Domestic Borrowings During the Period		
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings	-	-
Dollar Denominated Loan From 'X Organisation'		
Sterling Pound Denominated Loan From 'Y Organisation'		
Euro Denominated Loan from Z Organisation'		
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
Total Balance at End Of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. 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)

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus For the Year	67,273,598	102,606,174
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments	-	-
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow From Operating Activities	67,273,598	102,606,174

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Cases against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

24. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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 entity'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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022	-	-	-	-
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
Total				
At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non Exchange Transactions				
Bank Balances				
Total	-	-	-	-

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

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

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022	-	-	-	-
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				
At 30 June 2021	-	-	-	-
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
Total				

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

c) Market risk

The board 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 Fund'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 manner in which it manages and measures the risk.

i. 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:

	Other currencies	Total
	Kshs	Kshs
At 30 June 2021	-	-
Financial Assets		
Investments		
Cash		
Debtors/ Receivables		
Liabilities	-	-
Trade And Other Payables		
Borrowings		
Net Foreign Currency Asset/(Liability)		

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

Nyeri County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022	-	-	-
Euro	10%		
USD	10%		
2021			
Euro	10%		
USD	10%		

ii. 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 entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund 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 comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021)

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
Total funds	-	-
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing	-	-

Nyeri County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2023

19. Progress on Follow up of Prior Year Auditor's 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)
Internal Controls	Need of a Fund Accountant	Board Escalated it to the CECM Finance and Economic Planning	Not resolved	30 th June, 2023
Lack of an approved Budget	Not Submitted	Submitted with the Response	Resolved	7 th February, 2023
Unconfirmed Transfers to Facilities	Not Submitted	Submitted with the Response	Resolved	7 th February, 2023