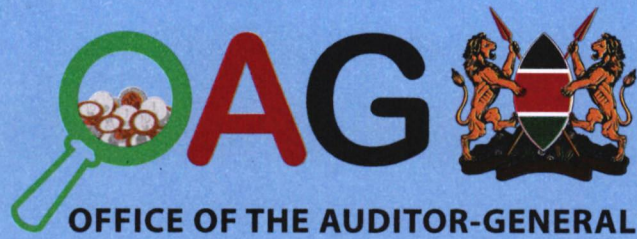


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

**PARLIAMENT
OF KENYA
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OF

THE AUDITOR-GENERAL

ON

KIGUMO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2024

KIAMBU COUNTY GOVERNMENT

DATE	PAPERS
TABLED DATE	PAPERS LAID
COMMITTED BY	16/07/2025
COMMITTEE	MAJORITY LEADER
CLERK AT THE	MS. BELINDA

Revised 30th June 2024



Kigumo Level 4 Hospital (Kiambu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

List of all acronyms and glossary of terms used in the preparation of this report e.g.

HMT	Hospital Management Team
RCO	Registered Clinical Officer
MBChB	Bachelor of Medicine and Bachelor of Surgery.
FIF	Facility Improvement Fund
NHIF	National Hospital Insurance Fund
AGPO	Access to Government Procurement Opportunities
IPSAS	International Public Sector Accounting Standard
KL4H	Kigumo Level 4 Hospital
FY	Financial Year
SRC	Salary & Remuneration Commission
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent

Fiduciary Management Key management personnel who have financial responsibility in the hospital.

2. Key Entity Information and Management

(a) Background information

Kigumo Hospital is a level 4 hospital established under gazette notice number 13617 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management. The hospital is located in Komothai Ward, Githunguri Sub County in Kiambu County.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide health services to all.

Vision

An efficient, effective and high-quality health care system that is accessible equitable and affordable for every individual in Kiambu County.

Mission

To provide health services that is equitable, accessible and accountable to the People of Kiambu County through participatory leadership.

Core Functions

- Policy formulation and implementation
- Preventive and promotive health services
- Curative and rehabilitative health services
- Standards and Regulations
- Monitoring and Evaluation of provision of Health care services

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Administrative Officer
- Nursing Service Manager
- Hospital Accountant
- Clinical Officer

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	DR. John Kariuki
2.	Accountant In Charge	Mr. George Gichuru
3.	Health Administrative Officer	Mr. Jese Mwaaura
4.	Nursing Service Manager	Esther Mwangi
5.	Clinical Officer in Charge	Rose Wanja
6.	Laboratory Technician	Mr. Paul Kinuthia
7.	Physiotherapist	Rosemary Wanja
8.	Pharmacist	Mr. Stanley Ndungu
9.	Nutritionist	Eunice Chege
10.	Dentist	Mary Kuria

(e) Fiduciary Oversight Arrangements

1. HMT Mortality audit committee

This committee investigates on any death in the facility. The chairman is the medical superintendent. The committee meets on needs basis.

2. Finance committee

This confirms the budget and evaluates the financial status of the facility against its needs. The chairman is the Medical Superintendent.

3. Invention prevention committee

This committee responds fast in case of any outbreak and advice on the right measures. The chairman is the Nursing Service Manager. The committee meets on needs basis but a minimum of once quarterly.

4. Non communicable diseases

This committee makes follow-up on non- communicable diseases like high blood pressure, diabetes. Ensures that drugs are available and patients are regular in their clinics. The chairman is the Medical Officer. The committee meets on needs basis but a minimum of once quarterly.

5. Continuous medical Education committee

Conducts medical education to staffs in the facility. The chairman is the Clinical Officer in Charge. The committee meets on needs basis but a Minimum of once quarterly.

6. Facility commodity security committee

Checks the quality and quantity of commodities for use in the facility. The chairman is the Pharmacist Officer In-Charge. The committee meets on needs basis but a minimum of once quarterly.

7. Inspection and acceptance committee

The committee checks the quality of items supplied in the facility as per the specifications on requisition. The Chairman is the Hospital Board Chairman. The committee meets on needs basis but a minimum of once quarterly.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 30 Gathugu via Ruiru
Along Ruiru Gathugu Road.
Near Kibichoi Police Station.
Kiambu, Kenya.

(g) Entity Contacts

Telephone: +254708579402
E-mail: subcountyhospitalkigumo@gmail.com
Website: www.go.ke

(h) Entity Bankers

Operations Account
Kigumo Sub District Hospital
Account no. 1157609384
Kcb Ruiru.

Kigumo NHIF Collection Account
Account No. 1256291250
Kcb Ruiru Branch.

Kigumo Revenue Account
Account No. 00100053773
Family Bank Githunguri

(i) Independent Auditors

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




(j) Principal Legal Adviser

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

(k) County Attorney




P.O. Box.2344-00900
Kiambu, Kenya

3. The Board of Management

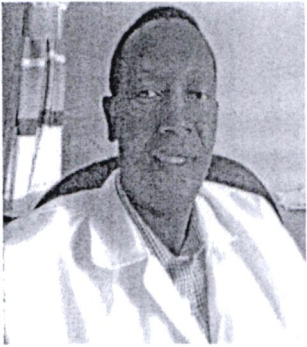


Ref	Directors	Details
1.	<p>Mr. Stephen Njoroge</p> 	<p>He was born on 3rd October, 1962 in Githunguri Sub-County, Kiambu.</p> <p>He is a holder of Diploma in Technical Education. He is a retired teacher.</p> <p>Currently he is a businessman.</p> <p>He chairs hospital board.</p>
2.	<p>Mrs Stella Kaimuri</p> 	<p>Date of Birth 1974</p> <p>Occupation- Business</p> <p>Education level- Diploma in Business Administration.</p> <p>She is a hospital board member.</p>
3.	<p>Mr Bernard Gitau</p> 	<p>Date of Birth 1967</p> <p>Occupation; Farmer</p> <p>Education Level- Diploma secretarial studies</p> <p>He is a business man and a hospital board member</p>
4.	<p>DR. John Kariuki.</p> 	<p>Date of Birth 10th June 1982</p> <p>Secretary to the Hospital Board</p> <p>Bachelor's Degree in Medicine and Surgery (MB ChB).</p> <p>Diploma in Clinical Medicine and Surgery (RCO).</p> <p>He is not a member of ICS.</p>

Kigumo Level 4 Hospital Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

4. Key Management Team

Ref	Management	Details
	<p>DR. John Kariuki</p> 	<p>Medical Superintendent Bachelor's Degree in Medicine and Surgery (MBChB). He is Chief Administrative officer He direct, supervises and evaluates the activities of medical, nursing, technical, administrative, maintenance and other personnel. He also monitors the use of diagnostic services, facilities and staff to ensure use of resources.</p>
	<p>Mr. Jeseemwaura</p> 	<p>Health Administrative Officer Masters in operation and technology management. Degree in Bachelor of Commerce. CIPS. Diploma in Business Administration. He direct, supervises and evaluates work activities of medical, nursing, technical, clerical, service, maintenance, and other staff. He plans, implement and administer programs and services including human resource administration, training, and coordination of medical, nursing and physical plant staff.</p>
	<p>Mr. George Gichuru</p> 	<p>Certified Public Accountant 11 Regular cash book reconciliation Maintenance of various books of accounts Management debtor and supplier accounts Management of patients accounts and billing by ensuring regular invoicing, receive and receipt payment of patients.</p>

Kigumo Level 4 Hospital Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

<p>Mr. Paul Kinuthia.</p> 	<p>Laboratory Manager Diploma Medical Laboratory Science He receives, label and analyse samples (blood toxic, tissue). Designing and executing laboratory testing according to standard procedures.</p>
<p>Mr. Henry Okinyi</p> 	<p>Public Health Officer. Bachelors Science in Public Health. Monitoring community health. Hospital sanitation. School health education and sanitation. Ensure public health compliance.</p>
<p>Esther Mwangi.</p> 	<p>Nursing Service Manage Diploma nursing Supervising and ensuring delivery of a professional and high standard of nursing care within the hospital while leading a team of nurses and patient attendants in delivering individual and team targets. Monitor and ensure clients satisfaction and proactively manage their complaints as they arise.</p>

5. Chairman's Statement

It is with pleasure we present the Hospital's 2023/2024 Annual Report and Financial Statements. The report sets the precedence on how the hospital financial affairs will be reported under IPSAS Accruals and under the Public Finance Management Act. The inclusion of community board members as part of the hospital's governance is integral in ensuring that there is community ownership and that the financial affairs are accurate.

Kigumo Level IV hospital was established in 1973 as a level II Health facility. Over the period the hospital has progressively expanded and is now a level IV hospital. This expansion has seen growth in infrastructure that includes X ray services and a modern biochemistry machine.

Other services offered include Universal Health Care through NHIF. This service aims to provide affordable healthcare for all households through NHIF scheme. To align with the agenda the hospital has hired two full time clerk officers to ensure efficiency of NHIF services. Also, the Edu Afya program that was rolled to ensure students access health services will greatly and mutually benefit both the facility and all the young members covered by the scheme.

To enhance service delivery, the hospital is in the process of rolling out a Health Management Information System in key points of service which will see a reduction of patient waiting time, minimal use of papers and space through use electronic filing.

I am also pleased to announce that in the financial year 2023/2024 a new maternity unit has been erected within the vicinity of the hospital. This has been received with tremendous excitement by the community at large, and with the help of the hospital health management team, I envision seeing the smooth running of operation of the new facility. This endeavor will spare mother's a lot of time spent in referrals reducing morbidity and mortality to both mother and child.

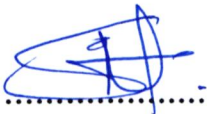
The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Hospital Board. The Board provides strategic direction while the Medical Superintendent assisted by the Hospital Management is accountable to the Board for implementing the strategy. The hospital board will develop a strategic plan which will steward the hospital in the next five years towards being a provider of efficient and high-quality medical services that are accessible, equitable and affordable.

Appreciation

First and foremost, I would like to thank our clients for demonstrating their trust in us with their health care needs and being our motivation to service delivery excellence.

At the same time, I would like to thank my newly erected fellow Board Members for their unwavering support and for applying their highest professional standards in carrying out the business of the Board and in decision making. Moreover, I wish to express my appreciation to the staff at Kigumo Level 4 Hospital led by the medical superintendent for the commitment to serve the community not forgetting The Mpesa foundation for the new maternity wing which is a huge asset to the community.

I would also like to thank the County Government of Kiambu not only for its continued support of Hospital's development agenda but also for creating an enabling environment for the hospital to meet its objectives. I recognize our partners and stakeholders who continue to strengthen our partnership through financial support which ensures we remain in course to deliver to our clients.



.....
Mr. Stephen Njoroge

Chairman to the Board

6. Report of The Medical Superintendent

I am delighted to present the hospital's annual report and financial statements for the year 2023/2024. The hospital being a first-time adopter of IPSASaccruals, has elected to take advantage of the transitional exemptions and provisions that may impact fair presentation.

The report highlights the hospitals operational and financial performance.

Operational Performance

With a catchment population of more than 100,000 people, Kigumo Level IV Hospital was elevated to be one of the level 4 hospitals been in the county.

The hospital has made a niche in provision of radiology services. The county government supported the radiology department by posting a Consultant radiologist who has greatly had a huge impact to the facility and to the greater sub county region. Interpretation and common diagnostics of radiological documents is not only being done to serve the facility, but as well as surrounding peripheral facilities. This has tremendously spared the community alot of time and resources in seeking this service in the county's level five hospitals as previously was the case. Moreover, the department has started generating more income boosting the facility's financial performance. The expected target is to double the number of clients seeking this service that has been averaging to close to 1000 patients yearly since the launch 3years ago. This will greatly boost the community's confidence in the hospital, and it has great potential in becoming a trauma and orthopedic center.

I am pleased to report that the hospital in the year period 2023/2024, embarked on having a state-of-the-art modern maternity and a theatre unit. The construction is already complete and equipped courtesy of friends of the hospital and particularly The Safaricom Mpesa Foundation. We currently boast a 30bed capacity unit inclusive of 2 modern delivery beds, a fully furnished NBU unit and a separate Kangaroo Room with over 6new baby cots equipped with a modern phototherapy kit. In addition, we have a new theatre room that has been equipped with a modern operation bed and a modern anesthetic machine. The whole community remains very excited and are eagerly waiting for the provision of the missing essential surgical service. Previously, this saw over 200 patients being referred yearly to other hospitals posing inevitable logistics challenges. This will not only boosts confidence to the community but also the nursing staff in regards to conducting safe delivery practices. The hospital expects to grow not only in maternity but the same will reverberate and trickle to other supporting departments. We would wish to point out that the greatest output this new unit will bring, is ensuring maternal -fetal mortality rates remains lowest achievable .This

tremendous achievement thus foresees bringing down the turnaround time for patients presenting with obstetric complications. Discussions and plans for the said unit launch, are at an advanced stage. We hope to start providing this crucial service soonest feasible. We remain grateful for support the Board of Management has received in realization of this 2023/2024 Strategic plan.

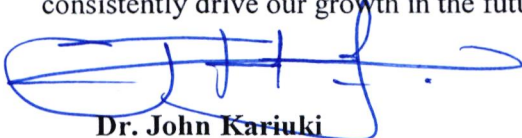
Financial Review

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, from either FIF or NHIF. During the year under review, the hospital generated close to Ksh 4 million FIF, with NHIF funds also contributing to about Kshs. 850,000. The revenue generated during the period was utilized to fund hospital expenditure. The hospital funds utilization rate was 80%. With a new maternity unit and theatre services on board the figure is projected to hit a double digit due to the fact that mortuary and laboratory services have also been enhanced to offer both embalming and human organs screening services (renal, electrolyte and liver) respectively. Moreover, the previous challenge of acquisition of an advanced computer system (core 7 and above), was solved and the facility now received 2 new computers to enhance service provision and capture all revenue previously lost due to poor data capture. We take this opportunity to thank the county government for the support supervision, posting of an IT staff and provision of the said hardware. This support will go a long way in kigumo hospital achieving its projected financial target

Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the County Government of Kiambu and development partners and of key note The Safaricom M-pesa Foundation for the construction of the new Theatre unit and for the support they continue to accord the hospital without which our achievements would not have been realized.

As we move into a new financial year, I would like to express my gratitude to Kigumo Level IV hospital staff, departmental heads and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day. Finally, I strongly believe that our strategy and the staff in place will consistently drive our growth in the future as has been the case over the year.



Dr. John Kariuki

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity’s performance against predetermined objectives.

Kigumo level 4 hospital has 5 objectives according to the current service charter for the FY 2023/2024. These are as follows:

1. Service delivery- To offer quality services to all our clients
2. Health Information- Provision of data and promote technology
3. Health product, vaccines and technology- Provide essential medical products
4. Health infrastructure- To provide conducive working environment
5. Leadership and governance- Provide guidance and direction

Kigumo level 4 hospital develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2023/2024 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	To offer quality services to all	Service charter	Monitoring and evaluation	Reduced patients waiting
Health information	Provision of data and promote technology.	Elimination of communicable diseases.	Timely reporting and data collection	Helped in making decisions.
Health product	Provide essential medical products	Increase workload and patients’ satisfactions.	Lobby for more pharmaceutical and non-pharms	Less stock out
Health infrastructure	Provide conducive working environment	Improved appearance	Put up more buildings and renovate old ones.	More output and greater customer satisfaction
Leadership and governance	Provide guidance and direction	Increase morale	Strengthen collaboration between hospital and key partners.	More partners and donors.

8. Corporate Governance Statement

The board members held meetings during the year 2023/2024 with all the meetings attended by full board. The members were paid their allowances as per the SRC circular. The board chair received kshs 4,000 sitting allowance, kshs 2,000 transport allowance to be reimbursed on production of receipts for public service vehicles or AA rates not exceeding ksh.2,000 for level 4 hospital and kshs 500 lunch allowance where lunch is not served per sitting. The other members to receive ksh 2,500 sitting allowance, ksh 2,000 transport allowance and ksh 500 lunch allowance per sitting.

The Executive member of health appoints board members who should have a minimum of a diploma from a recognized institution.

The medical superintendent serves as the secretary to the board and the board should meet on a quarterly basis. The board comprises of four residents of the Githunguri sub-county considering gender parity and special groups.

The chairman of the board must be a Kenyan who possess at least diploma from a recognized institution in Kenya, has experienced in management, leadership and administration and must also meet the requirements of chapter six of the constitution of Kenya.

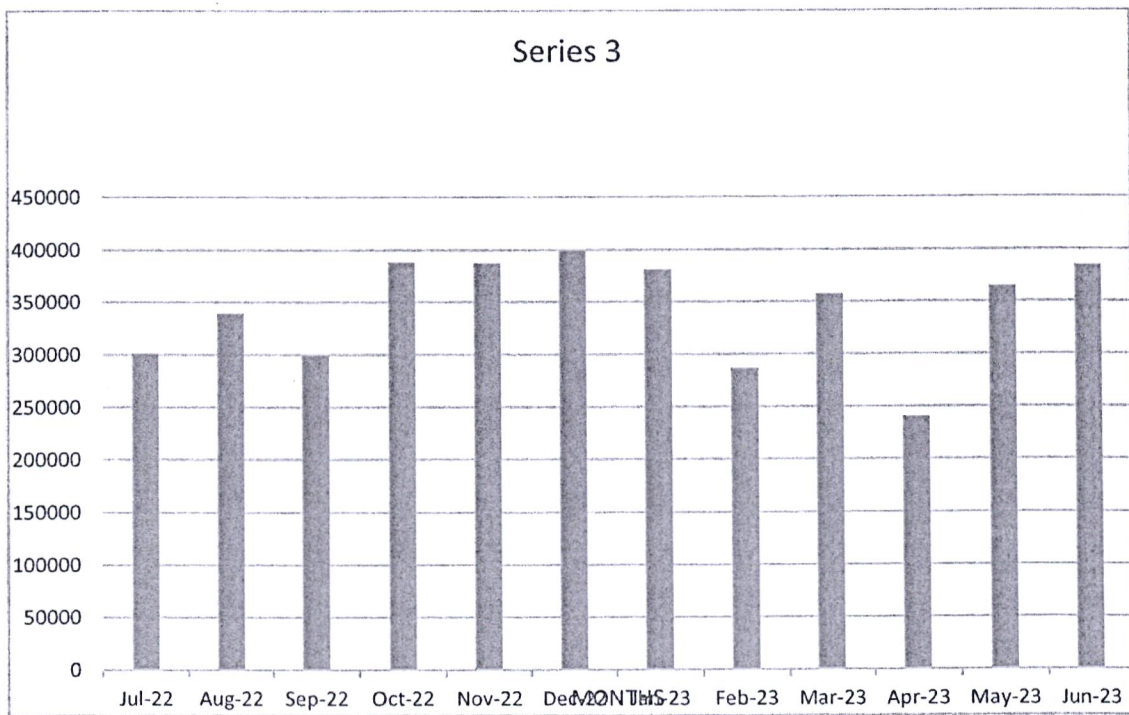
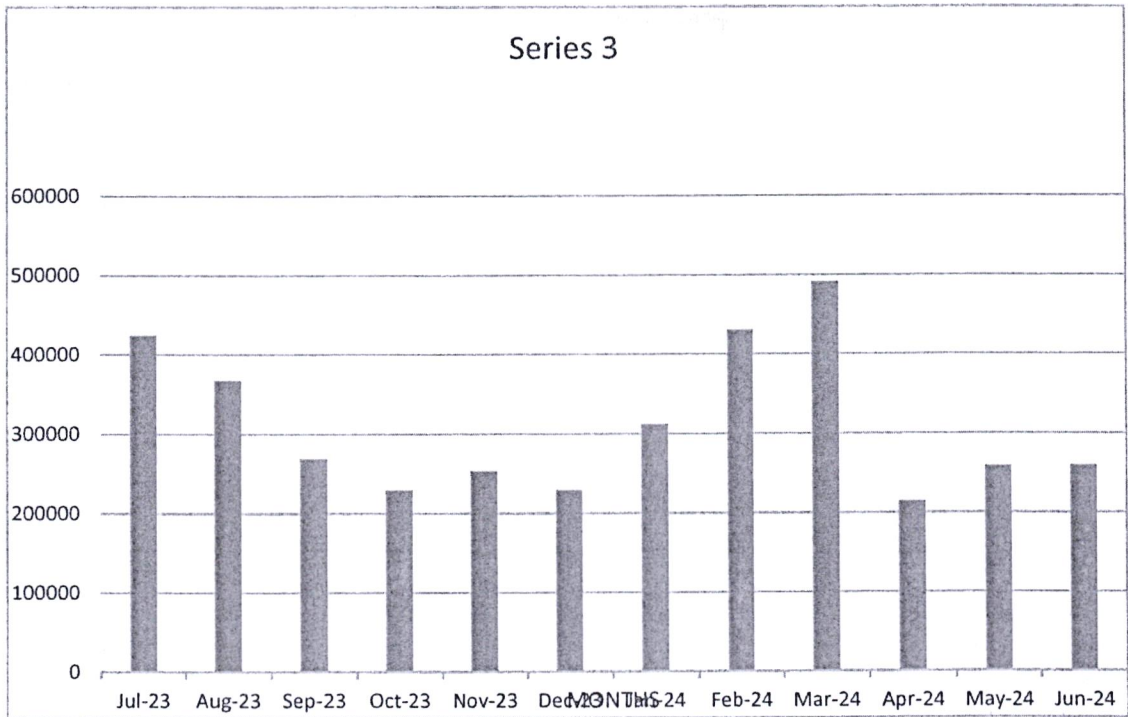
All members apart from ex-official member shall serve for a term of three years which may be renewed. The Executive member may remove from office any member of the board who has been absent for three consecutive meetings of the board without permission of the chair, is declared bankrupt, is unable to discharge his/her duties due to physical or mental incapacity or has been charged with criminal offence in court of law or traffic offence attracting an imprisonment term of a minimum of six months.

The members are to offer oversight role in terms of finance and general operations of the hospital. They should also offer guidance on areas of improvement as well as source for donors, promote development of the hospital, recommend to the Executive Member the budget estimates, establish a hospital-community participation and feedback platform, assessing the delivery of services at the hospital and advise Executive Member, monitoring the hospital performance against set target and advice Executive Member, and carrying out any other function that may be assigned by Executive Member.

9. Management Discussion and Analysis

All revenue was collected via mpesa through the hospital pay bill number, from there it was transferred to the county revenue fund and thereafter transferred back to the facility. The hospital prepares an expenditure plan being guided by approved annual budget which provided the ceiling for all the expenditure items. Below is an analysis of total revenue collected from July 2023 to June 2024.

Kigumo Level 4 Hospital Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024



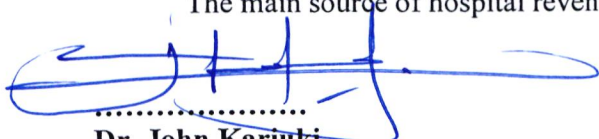
Clinical/operational performance

During financial year 2023/2024, the facility recorded patients' attendance as below;

- Bed capacity of the hospital is 15
- Overall patient attendance during the year for both inpatient and outpatient were 33838
- Accident and Emergency attendance is 120
- Specialized clinic attendance for the year 2023/2024 were 5232
- Average length of stay for in patient was 4-5days per patients-
- Bed occupancy rate for Kigumo level 4 hospital was 30%
- Mortality rate was zero
- Kigumo level 4 hospital has no Surgical theatre.

Financial performance that includes: -

The main source of hospital revenue is FIF and NHIF for both inpatients and outpatients.



.....
Dr. John Kariuki
Medical Superintendant

10. Environmental And Sustainability Reporting

Kigumo level 4 hospital exist to transforms lives, and that is what guides us to deliver us strategy, putting our patients' clients first, delivering health services and improving operation excellence.

i) Sustainability strategy and profile

Kigumo level 4 hospital is committed to transitioning to a more sustainability way in conducting its business. The hospital offers its employees internship program and also opportunities to volunteer in the institution.

ii) Environmental performance

Kigumo level 4 hospital in collaboration with the public health department has policies laid down and procedures on waste disposal and segregation. All the medical waste are properly handled to

avoid contamination. Incinerator is handled by trained personnel and the facility is strategically located to avoid air pollution to the surrounding neighbourhood.

iii) Employee welfare

Some of the hospital staff were seconded from the national government and other hired by the county government through the public service board being an essential service provider, the hospital also has hired casual's labourer to fill the gap since the number of the posted staff is way much below the required one due to the growing workload, all staffs are appraised annually.

iv) Market place practices-

The hospital makes sure substandard goods are not in any way find way in the facility through the acceptance committee members who checks on the requested specification as well as the expiry dates of whatever has been supplied.

a) Responsible competition practice.

All the procurement is done through an open tender and request for quotation from the per-qualified suppliers. The tendering process is competitive and open to all, in order to cater for youth and women 30% is set aside for them through AGPO. In order to avoid price inflation, the market survey is done before awarding tender.

b) Responsible Supply chain and supplier relations

.Quotation is only issued to the prequalified suppliers and awarded merchants through the county framework suppliers are given ample time to source for the required commodities.

c)Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The hospital is public and non-profit making organization, its only assist patients by waiving hospital bills. This relieves the burden of re-infections as well as long stay in the facility. Due diligence is done to the patients to identify the neediest cases with the help of the social workers who even conduct home visit.

Kigumo Level 4 Hospital Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

11. Report of The Board of Management

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

Principal activities

The principal activities of the hospital are to provide affordable health care services to the community of Komothai and its environs.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 83

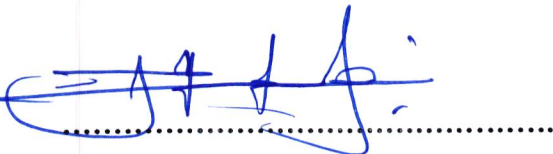
Board of Management

The members of the Board who served during the year are shown on page vii. During the year, none of director(s) retired/ resigned, and none of director was appointed with effect from date of this report.

Auditors

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

By Order of the Board



DR. John Kariuki

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the Kiambu health services act 2019 requires the Board of Management to prepare financial statements in respect of that hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

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


The Board of Management accepts responsibility for the hospital'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 Kiambu health services act 2019). The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2024, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

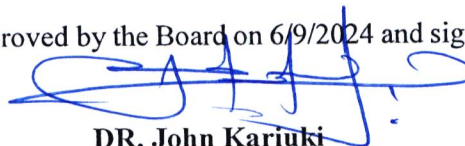
Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 6/9/2024 and signed on its behalf by:

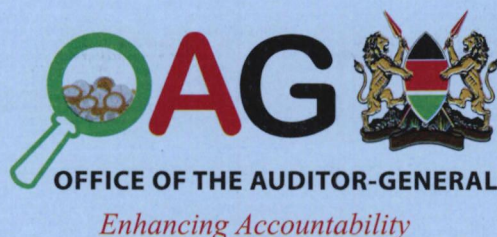


Mr. Stephen Njoroge
Chairperson
Board of Management



DR. John Kariuki
Accounting Officer

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KIGUMO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – KIAMBU COUNTY GOVERNMENT

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kigumo Level 4 Hospital set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2024

Report of the Auditor-General on Kigumo Level 4 Hospital for the year ended 30 June, 2024 – Kiambu County Government

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kigumo Level 4 Hospital as at 30 June, 2024, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Kiambu County Health Service Act, 2019 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following errors and omissions;

- i. The statement of financial position reflects a balance of Kshs.2,460,435 in respect to total net assets. Further, the statement reflects accumulated surplus of Kshs.54,640 and net assets of Kshs.54,640 resulting to an unexplained variance of Kshs.2,405,796.
- ii. The statement of changes in net assets reflects accumulated surplus of Kshs.54,640 against a total amount of Kshs.(422,800) resulting to an unexplained variance of Kshs.477,440.
- iii. The statement of cash flows reflects cash and cash equivalents balance of Kshs.103,022 as at 30 June, 2024 against a recomputed amount of Kshs.542,897 resulting to an unexplained variance of Kshs.439,875. Further, the items in the statement have not been referenced to Notes to the financial statements.
- iv. Trial balance was not provided for audit review.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Property, Plant and Equipment

2.1 Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil balance on property, plant and equipment. However, review of the Hospital records and physical verification revealed existence of various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the Hospital did not maintain an asset register.

2.2. Lack of Land Ownership Documents

The Hospital did not provide land ownership documents such as title deed or allotment letter for the property on which the Hospital is situated.

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

3. Unsupported Balances

3.1 Revenue from Exchange Transactions

The statement of financial performance reflects revenue from rendering of services – medical service income amount of Kshs.3,741,424 as disclosed in Note 11 to the financial statements. However, the monthly departmental revenue schedules with detailed daily schedules on amount charged per patient and the revenue billing reports to establish the revenue earned in rendering of services were not provided. Further, the Hospital did not maintain copies of receipts issued to support the amount hence revenue may have been collected but not accounted for.

In addition, Management explained that the revenue is collected through an Mpesa pay bill number and the amount is automatically transferred to the bank account. However, the Mpesa statements and reconciliations were not provided for audit review. Further, review of the revenue and NHIF cashbooks provided revealed that total revenue collected during the year was Kshs.5,208,171 resulting to an unexplained and unreconciled variance of Kshs.738,947.

3.2 Grants and Subsidies

The statement of financial performance reflects grants and subsidies totalling Kshs.893,844 as disclosed in Note 20 to the financial statements. However, the amount was not supported with schedules of transfer to the County Government. Management indicated that the payment was 20% of Facility Improvement Fund (FIF) collection to County health. Further, the payment was not supported with an approved policy.

3.3 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,023,130 as disclosed in Note 28 to the financial statements. However, Management did not prepare an ageing analysis of the receivables. It was therefore not possible to establish how long the debts had remained outstanding.

3.4 Statement of Cash Flows Balances

The following balances in the statement of cash flows are not supported;

Item	Amount (Kshs)
Transfers from the County Government	4,089,376

Item	Amount (Kshs)
Medical/Clinical Costs	1,356,404
Employee Costs	1,660,160
Board of Management Expenses	59,500

In the circumstances, the accuracy and completeness of the financial statements and recoverability of the outstanding balance could not be confirmed.

4. Long Outstanding Payables

The statement of financial position and Note 34 to the financial statements reflects trade and other payables balance of Kshs.2,153,986. However, review of payables listing revealed that payables totalling Kshs.2,055,962 had been outstanding for two (2) or more years with some dating back to nine (9) years. No plausible explanation was provided for failure to settle the pending bills as first charge during the year adversely affecting efficiency in implementation of subsequent year's budgeted programs. Further, payables were not supported with ageing analysis, LPOs/LSOs, procurement plan, budget, invoices, LPO and invoices registers, payable or customer statements and movement schedule. In addition, there was no policy on impairment of the long outstanding accounts payables casting doubt on fair statement of the accounts payables balance.

In the circumstances, the accuracy, existence and eligibility of trade and other payables balance of Kshs.2,153,986 could not be confirmed.

5. Understated Inventories

The statement of financial position and Note 30 to the financial statements reflects inventories balance of Kshs.3,488,270. However, comparison of the Hospitals annual stock take report as at the end of the financial year and facility tracker health products and technologies data report form revealed that some pharmaceutical and non-pharmaceutical items such as hospital gowns, mattresses and food items were not included as part of the inventory balance. Further, the Hospital did not carry out quarterly stock take contrary to the law.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.3,488,270 could not be confirmed.

6. Non-Disclosure of Employee Costs Paid for by the County Government

The statement of financial performance reflects an amount of Kshs.1,974,460 in respect of employee costs and nil balance for In-Kind contribution from the County Government of Kiambu. The Hospital received services from medical staff and non-medical staffs employed and paid for by the County. However, the in-kind contribution and expenditure was not disclosed in the financial statements and the payroll and supporting documents for the salary staff draws was not provided for audit review.

In the circumstances, the accuracy and completeness of the employee costs amount of Kshs.1,974,460 could not be confirmed.

7. Unaccounted for Donations

The statement of financial performance reflects Nil amount for public contributions and donations. However, review of Board minutes and documents provided revealed that the Hospital received donation from Mpesa Foundation for the construction of the Integrated Maternity Newborn Unit with a project cost of Kshs.47,000,000 with a proposed project dates of 21 December, 2023 to 1 June, 2024. The Hospital did not disclose the donations received in the financial statements.

In the circumstances, the accuracy and completeness of the public contributions and donations nil amount could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.14,720,725 and Kshs.4,469,224 respectively, resulting to an under-funding of Kshs.10,251,501 or 70% of the budget. Similarly, the statement reflects final expenditure of Kshs.4,933,097 against the actual revenue of Kshs.4,469,224 resulting to an over expenditure of Kshs.463,873 or 10% of revenue.

The under-funding affected the planned activities thereby negatively impacting on service delivery to the public.

Further, the approved budget was not approved under the County Ministry of Health overall budget. Failure to prepare and approve the budget is contrary to Regulation 29(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the draft estimates relating to his or her department are prepared in conformity with the Constitution, the Act and the Regulations.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Report of the Auditor-General on Kigumo Level 4 Hospital for the year ended 30 June, 2024 – Kiambu County Government

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

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

In connection with my audit on the Kigumo Level 4 Hospital financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregularities in Supply of Foodstuff

The statement of financial performance reflects medical/clinical costs amount of Kshs.1,101,356 which includes food and ration cost totalling Kshs.116,175 as disclosed in Note 15 to the financial statements. Review of the supporting payments revealed the following:

- i. The procurement plan, appointment letters for the evaluation committee and inspection committee, tender opening minutes were not provided.
- ii. Request for quotation method was used, however, the approved list of pre-qualified suppliers was not provided for audit.
- iii. Members of the opening committee also conducted the evaluation.
- iv. The evaluation team did not have individual member score sheets for the evaluation based on the criteria used. Further, one evaluation team member did not append their signature on the evaluation report as required in law.
- v. No evidence was provided in support of the payment to show that the Head, Supply Chain issued a professional opinion to the Accounting Officer for approval before award.
- vi. There was no evidence provided to show that the successful bidder was notified of the award and that the winning bidder accepted the award. Further, the regret letters to the unsuccessful bidders were not provided for audit.
- vii. LPO numbers 4070914, 4070913 and 4070912 dated 26 February, 2024 were raised for supply of various items. However, review of records provided for audit revealed that goods worth Kshs.29,290 were delivered on 4 April, 2024 which was 39 days from the LPO date. This was contrary to Section 52(1) of the Public Finance Management (County Governments) Regulations, 2015 that states that a local purchase order or local service order shall be valid for a period of thirty days from the date of issue. Further, there was no evidence that the goods were received in the stores yet the supplier was paid the full amount.

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

2. Irregular Procurement of Lab Reagents

The statement of financial performance reflects medical/clinical costs amount of Kshs.1,101,356 which includes laboratory chemicals and reagents of Kshs.377,911 as disclosed in Note 15 to the financial statements. However, review of documents provided revealed the following anomalies;

- i. The approved procurement plan was not provided for audit.
- ii. Procurement was carried out using framework agreement with no records provided to show that mini competition was carried out amongst the other supplier's contrary to the law.
- iii. There was no evidence provided to show how the inspection and acceptance committee was appointed.
- iv. LPO numbers 4070918, 4070919 and 4070920 were raised on 26 March, 2024 for delivery and supply of lab reagents, however, the goods were delivered on 28 June, 2024 which is 93 days after LPO was raised contrary to Section 52(1) of Public

Finance Management (County Governments) Regulations, 2015 which provide for a validity period for Local Purchase Order of 30 days.

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

3. Irregular Procurement of Non-Pharmaceuticals

The statement of financial performance reflects medical/clinical costs amount of Kshs.1,101,356 which includes dressing and non-pharmaceutical costs of Kshs.144,922. Review of the supporting documents provided for audit revealed that framework agreement was used for the supplies. However, no records were provided to show that mini competition was carried out amongst the other supplier's contrary to Section 114 (3)(b) of the Public Procurement and Asset Disposal Act, 2015 which states that when implementing a framework agreement, a procuring entity may invite mini-competition among persons that have entered into the framework agreement in the respective category. Further, there was no evidence provided to show how the inspection and acceptance committee was appointed.

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

4. Lack of Risk Management Policy

During the year under review, Management had not developed a risk management policy for the Hospital and no formal risk assessments were carried out contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Report of the Auditor-General on Kigumo Level 4 Hospital for the year ended 30 June, 2024 – Kiambu County Government

Basis for Conclusion

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty nine (89) staff requirements or 88% of the authorized establishment as detailed below;

Criteria – Staffing Requirement	Level 4 Hospital Standard	Actual in the Hospital	Variance
Medical Officers	16	1	15
Anaesthesiologists	2	0	2
General Surgeons	2	0	2
Gynaecologists	2	0	
Paediatricians	2	0	2
Radiologists	2	1	1
Registered Community Health Nurses	75	10	65
Total	101	12	89

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

Service	Level 4 Hospital Standard	Actual in the Hospital	Variance
Bed Capacity	150	60	90
Incubators (New Born)	5	3	2
Cots	5	6	0
Resuscitative in Theatre	1	0	1
Resuscitative in Labour Ward	2	1	1
Functional ICU Beds	6	0	6
HDU Beds	6	0	6
Renal Unit with Dialysis Machines	5	0	5
Functional Operating Theatres Maternity and General	2	0	2

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care

services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

2. Weak Controls in Stores Management

The statement of financial position reflects inventories balance of Kshs.3,488,270. Physical inspection conducted in March, 2025 in the Hospital's stores revealed that the Nurse Service Manager was in charge of the stores contrary to the law which requires that a qualified officer in supply management to be in charge of the stores. Further, it was noted that there was absence of role segregation resulting in lack of checks and balances in stock management. The Hospital was also using a manual system in its stock management which increases the risk of inaccuracies in the reported balance.

In addition, review of the store records on pharmaceuticals at the Hospital revealed existence of units of various drugs of undetermined value that had expired and the drug status report of the expired drugs and method of disposal was not provided for audit. It was also noted that the stock cards used in controlling drugs did not indicate the batch number and expiry dates to guide in issuing drugs on First Expiry First Out (FEFO) basis.

In the circumstances, the effectiveness of internal controls in stores managements and value for money for the inventories balance could not be confirmed.

3. Lack of Internal Audit Function

The Hospital Management had not established an internal audit department and there was no evidence that internal audit reviews were carried out during the financial year under review.

In the circumstances, the effectiveness of Internal controls could not be confirmed.

4. Lack of Functional Independence and Financial Autonomy of the Hospital

Review of expenditure records revealed that all activities including requisition approvals, procurement, and payment of expenditure was carried out at the County Headquarters. Management therefore lacked functional independence and financial autonomy leading to shortages of drugs and inefficient service delivery.

Lack of functional independence and financial autonomy may lead to inefficient service delivery.

5. Faulty Hospital Equipment

Physical inspection conducted in March, 2025 on Hospital assets revealed the following anomalies:

- i. The Hospital's only ultra sound was faulty.
- ii. X-ray accessories CR system borrowed from Gatundu Hospital was faulty.
- iii. Fridge donated by KEMSA in 2020 was not in use five (5) years after donation.

- iv. Two (2) faulty microscopes.
- v. Faulty fridge in the pharmacy.
- vi. Two (2) faulty centrifuges.
- vii. One (1) faulty water bath.

Management explained that the equipment was not obsolete and that they required repair and maintenance for them to be utilized. However, it was not clear why the equipment was not repaired with some being unutilized for more than three (3) years contrary to Section 162(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that stores, inventory and assets that are procured by a public entity shall not be allowed to suffer deterioration from any preventable cause.

Further, the Hospital did not prepare an annual disposal plan for items declared obsolete. This was contrary to the provisions of Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure that an annual assets disposal plan is prepared of items declared as unserviceable or obsolete stores, asset or equipment as set out under Section 53(4) of the Act.

In the circumstances, the Hospital does not get value from the faulty assets and Management was in breach of the law.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 June, 2025

Report of the Auditor-General on Kigumo Level 4 Hospital for the year ended 30 June, 2024 – Kiambu County Government

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

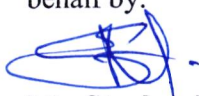
Description	Note	Period ended 30 June 2024	Comparative period ended 30 June 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In-kind contributions from the County Government	7		27,709,654
Grants from donors and development partners	8		
Transfers from other Government entities	9	727,800	932,200
Public contributions and donations	10		
		727,800	28,641,854
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	3,741,424	4,130,990
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14		
Revenue from exchange transactions			4,130,990
Total revenue		4,469,224	32,772,844
Expenses			
Medical/Clinical costs	15	1,101,356	1,099,302
Employee costs	16	1,974,460	29,607,554
Board of Management Expenses	17	86,000	
Depreciation and amortization expense	18		
Repairs and maintenance	19	46,060	
Grants and subsidies	20	893,844	1,012,638
General expenses	21	831,377	1,478,244
Finance costs	22		
Total expenses		4,933,097	33,197,738
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	Period ended 30 June 2024	Comparative period ended 30 June 2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
Total othergains/(losses)			
Net Deficit for the year		(463,873)	(424,894)

(The notes set out on pages 19 to 55 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 6/9/2024 and signed on its behalf by:



Mr. Stephen Njoroge
Chairman
Board of Management



Mr. George Gichuru
Head of Finance
ICPAK No:



Dr. John Kariuki
Medical Superintendent

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Period ended	Comparative period
		30 June 2024	ended 30 June 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	103,021.65	407,021.85
Receivables from exchange transactions	28	1,023,130	888,530
Receivables from non-exchange transactions	29		
Inventories	30	3,488,270	1,761,789
Total Current Assets		4,614,421.65	3,057,340
Non-current assets			
Property, plant, and equipment	31		
Intangible assets	32		
Investment property	33		
Total Non-current Assets			
Total assets (A)		4,614,421.65	3,057,340
Liabilities			
Current liabilities			
Trade and other payables	34	2,153,986	2,538,828
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Social Benefits	41		
Total Current Liabilities		2,153,986	2,538,828
Non-current liabilities			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession Arrangements	40		

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Note	Period ended	Comparative period
		30 June 2024	ended 30 June 2023
		Kshs	Kshs
Social Benefits	41		
Total non-current liabilities			
Total Liabilities (B)		2,153,986	2,538,828
Net assets (A-B)		2,460,435	518,512
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		54,640	518,513
Capital Fund			
Net Assets		54,640	

(The notes set out on pages 19 to 55 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 6/9/2024 and signed on its behalf by:



Mr. Stephen Njoroge
Chairman
Board of Management



Mr. George Gichuru
Head of Finance
ICPAK No:



Dr. John Kariuki
Medical Superintendent

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)		943,407		943,407
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
As at June 30, 2023 (previous year)		518,513		518,513
At July 1, 2023 (current year)		518,513		518,513
Revaluation gain				
Surplus/(deficit) for the year		(463,873)		(941,313)
Capital/Development grants				
At June 30, 2024 (current year)		54,640		(422,800)

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Period ended 30 June 2024	Comparative Period ended 30 June 2023
		Kshs	Kshs
Cashflowsfromoperatingactivities			
Receipts			
Transfers from the County Government		4,089,376	
Grants from donors and development partners			
Transfers from other Government entities			932,200
Public contributions and donations			
Rendering of services- Medical Service Income			4,130,990
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)			
Total Receipts		4,089,376	5,063,190
Payments			
Medical/Clinical costs		1,356,404	1,099,302
Employee costs		1,660,160	1,897,900
Board of Management Expenses		59,500	
Repairs and maintenance		46,060	
Grants and subsidies			1,012,638
General expenses		831,377	1,478,244
Finance costs			
Refunds paid out			
Total Payments		3,953,501	5,488,084
Netcashflowsfromoperatingactivities	42	135,875	(424,894)
Cash flows from investing activities			
Purchase of property, plant, equipment			
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Netcashflowsusedininvestingactivities			
Cashflowsfromfinancingactivities			
Proceeds from borrowings			
Repayment of borrowings			

Kigumo Level 4 Hospital (Kiambu County Government)
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Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents as at 1 July	27	407,021.85	221,134.25
Cash and cash equivalents as at 30 June	27	103,021.65	407,021.85

Kigumo Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government						
Grants from donors and development partners						
Transfers from other Government entities	2,030,000		2,030,000	727,800		
Public contributions and donations						
Rendering of services- Medical Service Income	12,690,725		12,690,725	3,741,424		
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total income	14,720,725		14,720,725	4,469,224	10,251,501	30%
Expenses						
Medical/Clinical costs	4,748,290		4,748,290	1,101,356	3,646,934	23%
Employee costs	2,160,000		2,160,000	1,974,460	185,540	91%
Remuneration of directors	120,000		120,000	86,000	34,000	71%
Repairs and maintenance	2,374,145		2,374,145	46,060	1,542,768	1.94%
Grants and subsidies	2,944,145		2,944,145	893,844	2,050,301	30%
General expenses	2,374,143		2,374,143	831,377	1,542,766	35%
Finance costs						
Refunds						
Surplus for the period	0		0	(463,873)		
Capital expenditure						

:

19. Notes to the Financial Statements

1. General Information

Kigumo level 4 hospital is established by and derives its authority and accountability from the Kiambu Health Act, 2019. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is to offer affordable health care services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act, and the Kiambu Health Services act 2019 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p>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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the</p>

Standard	Effective date and impact:
	<p>scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48-</p>	<p>Applicable 1st January 2026</p>

Standard	Effective date and impact:
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was approved by Board on 7/6/2023. Subsequent revisions or additional appropriations were not made to the approved budget.. Accordingly, the hospital did not record any additional on the FY 2023/2024 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 18 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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.

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kiambu County Government					
Total					

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix III).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period ended 30 June 2024	Comparative Period ended 30 June 2023
	KShs	KShs
Salaries and wages		26,828,480
Medical supplies-Drawings Rights (KEMSA)		881,174
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		0
Utility bills		0
Total grants in kind		27,709,654

8. Grants From Donors and Development Partners

Description	Period ended 30 June 2024	Comparative ended 30 June 2023
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA					
JICA					
World Bank					
Total					

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period ended 30 June 2024	Comparative Period ended 30 June 2023
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from National Hospital		932,200
Transfer from NHIF	727,800	0
Total Transfers	727,800	932,200

10. Public Contributions and Donations

Description	Period ended 30 June 2024	Comparative Period ended 30 June 2023
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(specify)		
Donations in kind-amortised		
Total donations and sponsorships		

10 (a)Reconciliations of amortised grants

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities		

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Pharmaceuticals	860,446	1,008,884
Non-Pharmaceuticals	197,231	293,480
Laboratory	524,920	419,260
Radiology	106,000	348,465
Orthopedic and Trauma Technology	400	10,870
Theatre		
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service		
Cancer centre service		
Dental services	58,595	121,840
Reproductive health		
Paediatrics services		
Farewell home services	1,576,300	
Ambulance services		
Other medical services income (REG)	417,782	1,928,191
Total revenue from the rendering of services	3,741,424	4,130,990

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Residential property		
Commercial property		
Total Revenue from rent of facilities		

13. Finance /Interest Income

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

14. Miscellaneous Income

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
Others (Specify)		
Total Miscellaneous income		

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Dental costs/ materials		29,800
Laboratory chemicals and reagents	377,911	538,733
Public health activities		
Food and Ration	116,175	50,449
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	144,902	276,405
Pharmaceutical supplies	462,368	171,965
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials		
Purchase of Medical gases		31,950
X-Ray/Radiology supplies		
Other medical related clinical costs (<i>specify</i>)		
Total medical/ clinical costs	1,101,356	1,099,302

16. Employee Costs

Description	Period Ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Salaries, wages, and allowances	1,974,460	2,779,074
Contributions to pension schemes		0
Service gratuity		0
Performance and other bonuses		0
Staff medical expenses and Insurance cover		0
Group personal accident insurance and WIBA		0
Social contribution		0
Other employee costs (<i>specify</i>)		26,828,480
Employee costs	1,974,460	29,607,554

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	86,000	
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total	86,000	

18. Depreciation and Amortization Expense

Description	Period ended 30 June 2024	Comparative FY 30 June 2023
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. Repairs And Maintenance

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Property- Buildings		
Medical equipment		
Office equipment		
Furniture and fittings		
Computers and accessories		
Motor vehicle expenses		
Maintenance of civil works	46,060	
Total repairs and maintenance	46,060	

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies(20% of total revenue)	893,844	1,012,638
Total grants and subsidies	893,844	1,012,638

42.

21. General Expenses

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	9,433	13,044
Conferences and delegations		
Consultancy fees		
Contracted services		
Electricity expenses	660,977	1,253,120
Fuel and Lubricants		9,920
Insurance		
Research and development expenses		
Travel and accommodation allowance		
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	20,000	89,750
Hire charges		
Rent expenses		

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Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	Kshs	Kshs
Water and sewerage costs	90,967	82,410
Skills development levies		
Telephone and mobile phone services	50,000	30,000
Internet expenses		
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
Total General Expenses	831,377	1,478,244

22. Finance Costs

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs		

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

Description	Period Ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised (<i>specify</i>)		
Total gain on sale of assets		

24. Unrealized Gain On Fair Value Investments

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Investments at fair value		
Total gain		

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Comprehensive care contracts with NHIF		
Non- Comprehensive contracts care with NHIF		
Linda Mama Program		
Waivers and Exemptions		
Total Gain/Loss		

26. Impairment Loss

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss		

27. Cash And Cash Equivalents

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Current accounts	103,021.65	407,021.85
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(specify)- Mobile money		
Total cash and cash equivalents	103,021.65	407,021.85

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

Notes to the Financial Statements (Continued)

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

Description		Period ended 30 June 2024	Comparative period ended 30 June 2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1157609384 1256291250	103,021.65	407,021.85
Equity Bank, etc			
Sub- total		103,021.65	407,021.85
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		103,021.65	407,021.85

28. Receivables From Exchange Transactions

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Medical services receivables	1,023,130	888,530
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Totalreceivables	1,023,130	888,530

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

Analysis of Receivables From Exchange Transactions

Description	Period ended 30 June 2024		Comparative period ended 30 June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,023,130	100	888,530	37.5%
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)	1,023,130	100	888,530	37.5%

29. Receivables From Non-Exchange Transactions

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total		

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

Analysis of Receivables From Non-Exchange Transactions

Description	Period ended 30 June 2024		Comparative period ended 30 June 2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)				

30. Inventories

Description	Period ended 30 June 2024	Comparative FY ended 30 June 2023
	KShs	KShs
Pharmaceutical supplies	3,488,270	1,761,789
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	3,488,270	1,761,789

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

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

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

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Cost		
At beginning of the year		
Additions		
Additions–Internal development		
Disposal		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year		
NBV		

33. Investment Property

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
At beginning of the year		
Additions		
Disposals during the year		
Fair value gain		
Depreciation (where investment property is at cost)		
Impairment		
At end of the year		

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

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	Period ended 30 June 2024		Comparative period 30 June 2023	
	KShs		KShs	
Trade payables	2,153,986			
Employee dues				
Third-party payments (e.g.unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Totaltradeandotherpayables	2,153,986			
Ageing analysis:	Period ended 30 June 2024	% of the Total	Compara tive FY	% of the total
Under one year	0	%	98,024	3%
1-2 years	98,024	4.6%	1,156,011	45%
2-3 years	771,169	35.8%	619,128	24%
Over 3 years	1,284,793	59.6%	665,665	26%
Total	2,153,986	100%	2,538,828	100%

35. Refundable Deposits from Customers/Patients

Description	Period ended 30 June 2024		Comparative period ended 30 June 2024	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (<i>specify</i>)				
Totaldeposits				
Ageing analysis:	Period ended 30 June 2024	% of the Total	Comparative period ended 30 June 2023	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

Notes to the Financial Statements (Continued)

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36. Provisions

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

37. Finance Lease Obligation

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total		

38. Deferred Income

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Current Portion		
Non-Current Portion		
Total		

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period		

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

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total		

(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).

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

41. Social Benefits

Description	Period ended 30 June 2024	Comparative Period ended 30 June 2023
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with Disabilities benefit Scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	KShs	KShs
DEFICIT for the year before tax	(463,873)	(424,894)
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables	214,906	
Increase in deferred income		
Increase in payables	384,842	
Increase in payments received in advance		
Net cash flow from operating activities	135,875	(424,894)

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	888,530			
Receivables from –non-exchange transactions				
Bank balances	407,021.85			
Total	1,295,552			
At 30 June 2024(current year)				
Receivables from exchange transactions	1,023,130			
Receivables from –non-exchange transactions				
Bank balances	103,021.65			
Total	1,126,152			

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Period ended 30 June 2024	Comparative Period ended 30 June 2023
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (excess cash and cash equivalents)		
Gearing		

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to		
Sales of services to		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		
Payments for goods and services for		
Total		

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Description	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

45. Segment Information

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

46. Contingent Liabilities

Contingent liabilities	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Court case nil against the hospital		
Bank guarantees in favour of subsidiary		
Total		

(Give details)

47. Capital Commitments

Capital Commitments	Period ended 30 June 2024	Comparative period ended 30 June 2023
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Kiambu.

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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)
1.	<p>Unsupported In-Kind Contribution from the County Government</p> <p>Observation The statement of financial performance reflects In-kind contribution from the County Government of Kshs.27,709,654 as disclosed in Note 7 to the financial statements. The amount includes Kshs.26,828,480 relating to employee cost contribution by the county executive in the year under review, for which no supporting documents were provided for audit. In the circumstances the accuracy and completeness of In-Kind contribution from the County Government of Kshs.26,828,480 could not be confirmed.</p>	<p>The figure of Kshs.26,828,480 is a total of skilled officer contracted by County Government of Kiambu and deployed to Kigumo level 4 hospital. The salary and wages are processed and paid by County thus the amount is budgeted under county budget to pay permanent and contract employees working in the hospital. The figure in FS was provided via internal communication from the County Health Management Team(as per attached list, annexure 1.) The breakdown of the same is processed and paid via the County Integrated Personnel and Payroll Database (IPPD).</p>	Resolved	

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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)
2.	Management of NHIF Claims			
2.1	<p>Variances in Revenue from Rendering Services</p> <p>Observation The statement of financial performance reflects Kshs.932,200 in respect to transfer from other government entities as disclosed in Note 9 to the financial statements. The amount relates to National Health Insurance Fund (NHIF) reimbursements. However, the NHIF records revealed an amount of Kshs.1,146,100 was paid to the Hospital resulting to an unexplained variance of Kshs.213,900. In the circumstances the accuracy and completeness of transfers from other government entities of Kshs.932,200 could not be confirmed.</p>	<p>The figure of Kshs.932,200 is the total NHIF claims that were done in the year under review as per attached NHIF system print-out attached(annexure 2). The figure of Kshs.1,143,100 is total amount in the NHIF Creditor account as per attached system print-out attached(annexure 3.)</p>	Resolved	
2.2	1.2. VariANCES in Receivables from Exchange Transactions Observation	The figure of Kshs.888,530 was the closing balance	Resolved	

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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)
	<p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.888,530 as disclosed in Note 28 to the financial statements. The amount relates to dues from the NHIF whose records indicate a balance of Kshs.1,850,830 resulting to an unexplained variance of Kshs.962,300.</p> <p>In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance from exchange transactions of Kshs.888,530 could not be confirmed</p>	<p>amount in the NHIF Creditor account for the year under review as per attached system print-out (annexure 4).</p>		
3.	<p>Non-Disclosure of Property, Plant and Equipment Observation</p> <p>The statement of financial position reflects Nil property, Plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipments which were not disclosed in</p>	<p>The management will liaise with the county executive to initiate evaluation process of all assets in the hospital and their accurate cost known. Most of the assets in the hospital were brought in by the County Government</p>	Not Resolved	

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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)
	<p>the financial statements. Further, the ownership documents for land were not provided for audit.</p> <p>In the circumstances, the accuracy, completeness and ownership of Nil property, plant and equipment balance could not be confirmed.</p>	<p>of Kiambu hence the custodian of ownership documents.</p> <p>The management has also put in place measure to ensure there is fixed asset register in the facility and its accurate recording is maintained.</p> <p>Attached is the list of all asset in the facility</p>		
4.	<p>Inaccuracies in the Statement of Cash Flows</p> <p>Observation</p> <p>The statement of cash flows reflects cash equivalents as at 30 June, 2023 and 30 June 2022 of Kshs.407,022 and Kshs.221,134 respectively.</p> <p>However, recasting of the statement of cash flows results to cash equivalents as at 30 June, 2023 of Kshs.203,760 and as at 30 June, 2022 of Kshs.1,361,095 resulting to unreconciled variances of</p>	<p>Acknowledge there was an error in preparation of cash flows schedules. We note the oversight in competing schedule 42</p>	Resolved	

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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)
	<p>Kshs.203,262 and Kshs.1,139,961 respectively. In addition, the recomputed balances vary with the cash and cash equivalents balances reflected in the statement of financial position. Further, the statement of cash flows has not been adjusted for changes in working capital in respect of increase in trade receivables of Kshs.222,741, increase in inventories of Kshs.1,761,789 and increase in trade payables of Kshs.1,526,698. In the circumstances, the accuracy and completeness of the statement of cash flows could be confirmed.</p>			
1.	<p>Failure to provide an Approved Budget Observation The statement of comparison of budget and actual reflects total budgeted revenue and budgeted expenditure of Kshs.5,063,190. However, management did not provide the approved</p>	<p>The Kshs.5,063,190 was the sum of the total revenue and total NHIF claims done for the year under review. The attached AIEs and Budget support the validity of the expenditure incurred by the hospital for said financial year.</p>	Resolved	

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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)
	budget for audit. In the circumstances, the validity of the expenditure incurred by the hospital could not be confirmed.			
2.	<p>Failure to Transfer Revenue to the County Revenue Fund Account Observation</p> <p>The statement of financial performance reflects rendering services- medical services income of Kshs.4,130,990 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the county Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81(1-3) of Public Finance Management(County Government) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipt due to the County Revenue Fund.</p> <p>In the circumstances, management was in</p>	<p>Governed by Kiambu Health Services Act 2019, which established a Fund to be known as the Kiambu County Health Services Facility Improvement Fund. All the county monies are now deposited in a bank account approved by the Executive Member for Finance under the name “ Kiambu County Health Services Facility Improvement Fund”.</p>	Resolved	

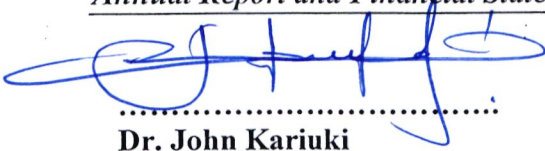
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	breach of law.			
3.	<p>Deficiencies in Implementation of Universal Health Coverage(UHC) Observation</p> <p>Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety six (96) staff requirements or 95% of the authorized establishment,</p>	<p>Kiambu County Government through the Department of Human Resource is in the process of employing additional health care staff who will be deployed to various health facilities including Kigumo Level 4 hospital to address staffing gaps and enhance patient care.</p>	Not Resolved	

Guidance Notes:

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

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Dr. John Kariuki
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. MNCH Facility		MPESA FOUNDATION	6 months	47,000,000		No
2						

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter


Name of Transferring entity Kiambu County Health Services

Name of Beneficiary entity Kigumo Level 4 Hospital

Confirmation of amounts received by [Kigumo Level 4 Hospital] as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CH000270	3/7/2023	586,452	251,336	837,788	
	5/7/2023	56,297	24,127	80,424	
CHQ000300	22/9/2023	657,270	281,687	938,957.6	
CHQ000353	15/1/2024	511,502	219,214	730,716	
	19/4/2024	1,051,044	450,447	1,501,491.	
TOTAL		2,862,565	1,226,811	4,089,376	

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

Head of Accounts Department - Disbursing Entity:
 Name Alex Waweru Sign Date.. 6/9/2024

Head of Accounts Department - Beneficiary Entity:
 Name. Mr. George Gichuru Sign  Date.. 6/9/2024

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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