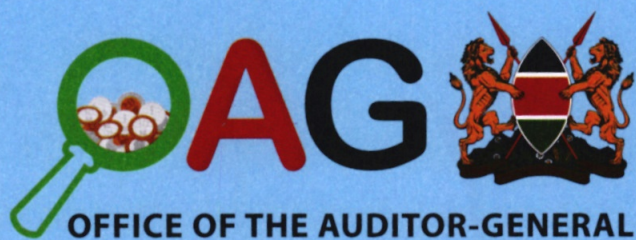


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ON

**NAKURU COUNTY TEACHING AND
REFERRAL HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF NAKURU



**NAKURU COUNTY REFERRAL AND TEACHING
HOSPITAL
(NAKURU COUNTY EXECUTIVE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

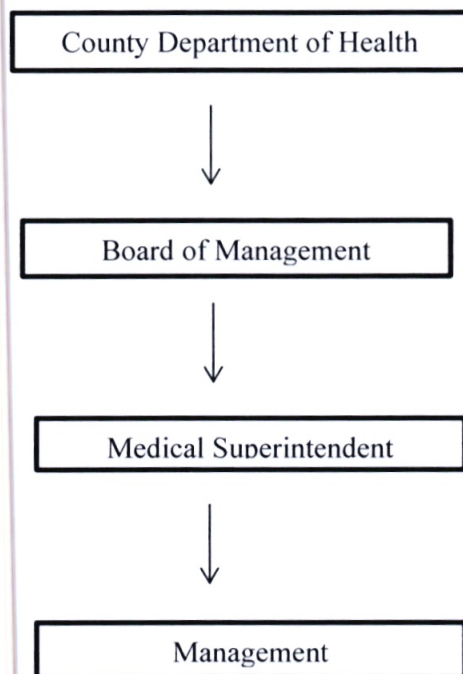
The Nakuru County Referral and Teaching Hospital (NCRTH), formerly known as Rift Valley Provincial General Hospital (PGH), was established in 1906 as a military hospital. In 1956 the hospital was re-designated as a civilian public hospital. The Nakuru County and Referral Hospital is a level 5 hospital was established under gazette notice number 598 of 1973 and is domiciled in Nakuru County under the Health Services Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal mandate of the hospital is to provide affordable health services to the residents of Nakuru and neighbouring counties. The mission of the hospital is *to provide integrated quality health care*. The hospital provides primary, secondary and tertiary level of health care services. These include health education, immunization, disease surveillance, treatment of minor ailments, treatment of simple and complex medical and surgical conditions and rehabilitation. The hospital is a focal centre with regard to active disease surveillance. Besides NCRTH is a training institution for many learning medical colleges and universities affiliated to it. This hospital also acts as a research hub for local regional and international researchers.

(c) Key Management

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



(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Aisha Maina
2.	Head of Finance	Mr. George Karanja
3.	Head of supply chain	Mr. Kevin Gitau
4.	Human Resource Manager	Mr. Wanjohi Mwangi
5.	Chief Nursing Officer	Ms. Wendy Tirop

(e) Fiduciary Oversight Arrangements

The office of the medical superintendent is oversighted and advised by some committee. This is meant to protect public good besides preserving public funds.

The clinical oversight committees include the research and ethics committee, headed by the deputy medical superintendent, the pharmacy and therapeutics committee and the waiver committee. The purpose of the research and ethics committee is to protect research subjects and prevent harm to the general public. The committee scrutinize research proposals before any research can be authorised at the hospital.

The human resource advisory committee advises the medical superintendent on matters relating human resource management including recruitment and dismissal of general workers, discipline and motivation. Human resource advisory committee also advise the medical superintendent on legal recruitment and compensation practices in order to preserve public funds.

Every year office of the auditor general audits the hospital books of accounts to ensure accountability.

The hospital is over-sighted by county assembly committee on health through the department of health services. The committee occasionally made visits to the hospital particularly on fact-finding mission whenever there complaints relating to the hospital from the public.

(f) Entity Headquarters

P.O. Box 71-20100
Nakuru- Sigor Road
London, Nakuru Town
Nakuru, Kenya

(g) Entity Contacts

Telephone: (+254) 721750460
E-mail: rvpghnakuru@yahoo.com

(h) Entity Bankers

National Bank of Kenya
P.O BOX 1013-20100
Kenyatta Avenue Nakuru Central (CBD)
Nakuru, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 2870-20100
Nakuru, Kenya

II. The Board of Management

Ref	Directors	Details
1.	 Mr. John Mwangi	Chairperson
2.	 Ms. Monica Wambugu	Vice Chairperson

3.	 Mr. Ramesh Thakker	Member
4.	 Architect William Ating'a, Consultant Architect. Holder of Masters in Architecture.	Member

5.	 Dr. Aisha Maina Holder of Master of Science in Restorative and Aesthetic Dentistry.	Secretary (Medical Superintendent) Not a member of ICS
6.	 Ms. Janet Wanjiru Kimani, Entrepreneur. Holder of Bachelor of Business Management and Information Technology.	Member

7.	 Pastor Moses Taronkei Osidai Matilong, Senior Spiritual Leader (Bishop).	Member
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III. Management Team

Ref	Management	Details
1.	 Dr. Aisha Maina. Holder of Master of Science in Restorative and Aesthetic Dentistry.	Medical Superintendent
2.	 Ms. Wendy Jemeli Tirop. Holder of Master of Science in Health Systems Management. 48 Years Old.	Chief Nursing Officer

3.	 Mr. George Karanja Certified Public Accountant, ICPAK No. 11281-38. Holder of Master in Finance. 37 Years Old.	Hospital Accountant.
4.	 Mr. Kevin Gitau Holder of Master of Science in Procurement and Logistics. 44 Years Old.	Procurement and supply chain manager. Member of Kenya Institute of Supplies Management.

5.	 Mr. Josephat Wanjohi Mwangi Holder of Master in Business Administration (Human Resource Option). 44 Years Old.	Human resource manager
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IV.Chairman's Statement

The year 2021/2022 was a busy year at Nakuru County Referral Teaching Hospital. The hospital management did their best to keep the ship afloat despite the high cost of commodities. The issue of delayed supplier payment remains a concern.

Outpatient services remained stable though crowding remains an issue. The queue management system does not seem to have well customized as it is not integrated with the hospital record system. Turnaround time in treatment of orthopaedic patients seems to have improved. However we look forward to better days.

This is the year (21st October 2021) the ground breaking for 2000L per minute oxygen plant was launched. The construction progressed well within timelines. The plant is awaiting equipment. In the same year the new wing of the psychiatry ward was officially opened by His Excellency Lee Kinyanjui, the honourable governor of Nakuru County.

The construction of the new outpatient complex is still ongoing. The contractor is doing final touches including painting, internet networking and landscaping. The installation and commissioning of the lift was contracted as it was not part of the original contract.

The proposed trauma centre remains a white elephant and eye sore at the hospital next to the elegant new outpatient complex. The contractor still insists to be on site thirteen years since the inception of the project. The national government should address this standoff once and for all.

The county government of Nakuru needs to address the concern staff attrition and relieve the hospital management the burden of employing staff using facility improvement fund (FIF).

Politics seems to be on top gear in the county of Nakuru as indeed in other parts of the country. The board remains politically neutral.

V. Report of The Chief Executive Officer

Nakuru County Referral and Teaching Hospital continued to live up to its mandate of providing affordable, quality integrated health services to the people of Nakuru County and the neighbouring counties of Nyandarua, Laikipia, Narok, Kericho and Narok. The hospital continues on its journey to become a regional cancer treatment centre. The radiotherapy centre is complete and the commissioning of the equipment has been conducted. The first patient to receive radiotherapy treatment was in May 2022. The Regional Radiotherapy Centre was officially opened in June 2022. This project was funded by the national government through the ministry of health. The hospital and county management has engaged staff specialized in radiotherapy treatment. However there is need for additional specialized staff due to the projected increase in number of patients who need treatment through radiotherapy. The International Atomic Energy Agency inspected the radiotherapy centre and made requisite recommendations on modifications needed on the civil works. The additional civil works are scheduled to commence immediately that is within the month, with a projection to be completed by the end of July 2022. The National Health Insurance Fund (NHIF) was engaged for accreditation as a service provider in radiation therapy.

The construction of the new outpatient complex continues on schedule. The project is under the County Government of Nakuru. Additional works were recommended by the committee. Some of the additional work to be addressed included; elevators, telecommunication.

In October 2021, the oxygen plant project was initiated. This project was to be funded by the County Government of Nakuru. This included the construction of the housing and provision of the oxygen plant and generator. The standby generator is already on site. The project is on-going and regularly inspected as scheduled. Three officers have already been identified for training on the equipment. The training will be done at the plants manufacturing company in Italy. The hospital has proposed for piping oxygen to the wards and the outpatient unit thereby reducing the current expenditure on oxygen supplies, which stands at an average of Kshs. 2,700,000 per month.

The psychiatry ward was commissioned this year by His Excellency the Governor of Nakuru County, Honourable Lee Kinyanjui. The new wing expanded the capacity of the psychiatry ward to 65 beds from 28 beds. This will henceforth ease the congestion of patients in the unit.

The proposed trauma centre, a project initiated by national government under the Ministry of Social Programs in 2009 remains a shell that stalled since 2010. Only the national government can unlock the stalemate with the contractor who continues to claim millions of shilling to complete and/or hand over the project.

The hospital has maintained good quality of care despite the ever increasing cost of commodities. Provision of renal dialysis services continues. However, multiple challenges are encountered. Breakdown of equipment under the managed equipment scheme (MES) became more frequent in the year. This may be attributed to the ageing equipment. The same challenge of frequent breakdown was witnessed with the radiology equipment particularly the MRI with disruption of services. The hospital awaits further guidance on the way forward on seamless continuation of service delivery to our patients as the MES contract nears expiration.

The current endoscopy equipment seems to have breathed its last because the spare parts are too expensive and have to be imported at a very high cost making the particular equipment model expensive to maintain. To note is that the manufacturing company ceased production of the same model due to possible upgrading of specifications. The hospital management is exploring ways of restarting the endoscopy services because patients who need the services have to be referred to the nearby private hospitals. This may require buying a new model with adequate after sale support in the country.

Staff shortage continues to hamper service delivery particularly in the internal medicine wards. The internal wards hold an average capacity of 160 patients daily, the department oversees the two renal dialysis unit that provides an average of 40 dialysis services per day, the department also oversees the covid - 19 and general isolation wards and runs daily consultant clinics in the outpatient services. One of the three consultants has left to pursue further studies. The two physicians who have been left behind have to oversee and manage all the above mentioned services. This is a scenario that has caused undesired sub-optimal service delivery.

Inadequate theatre facilities and regular breakdown of equipment has sometimes led to undesired suboptimal turnaround times for surgical procedures at the hospital.

The hospital revenue went up to Kshs.886,917,666. The hospital management does and will continue to make transactions cashless by integrating mobile money payments with the electronic medical register (EMR). The management ensures that there is no spending from source. All incomes are 100% banked.

It is worth to note that all services offered for the Covid-19 patients was done at no cost. Owing to this and the inflated costs of commodities experienced especially during this period struck by the pandemic resulted in increase in the pending bill. The hospital needs major capital injection to avert potential disruptions due to pending bills.

VI. Statement Of Performance Against Predetermined Objectives

Nakuru County Referral and Teaching Hospital operations stand on six main pillars. These include human resource, finances, infrastructure, governance, health record and information, and supply of medicine and medical technologies.

Provision of medical services is the core mandate of the hospital. This means that all other inputs contribute to enhance the output of the available human resource to deliver the expected quality of care. The hospital has faced staffing inadequacy for the past decade due to failure by the county government to replace staffs that have left the service due to natural attrition. The few staff the county government has employed have been on short contracts, with non-progressive pay.

The resultant chronic shortage of staff has pushed the hospital administration to engage staff on contract using the own-source revenue (FIF). Pricing of services provided at this public health usually does not factor fully the human resource component as this would push the cost too high for the targeted low income section of the population.

The hospital provides all level of services including preventive services like immunization and treatment of minor ailments, antenatal and maternity services, treatment of major medical and surgical conditions, renal dialysis, and treatment of cancer cases, including use of chemotherapy and radiotherapy services.

Ill health is an undesirable condition. Therefore health care targets are mostly supposed to be on a declining scale. These include reduced admission rates, reduced complication rates, or reduced length of stay. These declining indicators are manifestations of quality and efficiency of the health care services provided. These are depicted in the tables and graphs below.

More often than not, it is patients with chronic conditions, for example diabetes mellitus, hypertension, kidney disease and cancers that tend to have active NHIF cover. In as much as the financial compensation is restricted due to the inflexible NHIF reimbursement system, the cover ensures that patient are able to keep appointments as scheduled. This has led to better patient outcomes with reduced admission rates, reduced length of hospital stay, and stable death rate. *The rate of debilitating complications, especially for diabetic patients has significantly declined over the years.*

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	Efficient inpatient services (<i>reduced length of stay</i>)	Average Length of stay	Inpatient medical services and surgeries	8 days (<i>higher the previous year of 7 days</i>)
	Improved theatre services	Number of surgeries	General, orthopaedic and maternity surgeries	8796 (<i>higher the previous year of 6841</i>)
	Utilization of outpatient services	Number of outpatient attendance	Outpatient new visits and revisits	334,353 (<i>higher than previous year 279,479</i>)
Supply of drugs and medical technologies	Essential Drug fill rate	Average essential drug fill rate	Inpatient and outpatient drug fill rate	70% (<i>higher than previous year of 68%</i>)
Governance	Board meeting	Minutes of quarterly full board meetings held in the year	Board meeting held to deliberate hospital service delivery, infrastructure, and finances	4 meetings
	Hospital management team (HMT) meetings	Minutes of quarterly HMT meetings held in a year	Meeting held to discuss service delivery, hospital finance,	4 meetings
Infrastructure	Completion of infrastructure projects	Percentage of completion of ongoing projects	Construction of new OPD, oxygen plant	80% completion

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Health records and information system	Completeness of health information submitted to the county health records and information officer	Percentage of complete reports submitted to the county records officer	Reports on services delivered to the county department of health services	90%
Finances	Cash collection	Amount in Kenya shillings	Amount collected from all activities	458,492,532
	NHIF reimbursement	Amount in Kenya shillings	Amount collected from service provision	428,425,134

It is important to note that most of the indicators showed improvement over the performance in 2020/2021, it was still off the target for the year. The management had hoped to have recovered from effect of covid-19. The revenue collected was within the target for the year.

VII. Corporate Governance Statement

In the last twelve months, the hospital board has held four full board meetings and twelve subcommittee meetings. Board meetings were held on quarterly basis. Full board meetings are usually preceded by sub-committee meetings. Twelve subcommittee meetings were held last year. The hospital board does not have a charter at the moment.

The hospital administrative structure comprises many departments. Departmental meetings are usually held monthly. The departmental reports are forwarded to the office of the medical superintendent where they are synthesized for action either by the board, the county department of health or other stakeholders.

The hospital board is appointed by the county governor in consultation with the department of health services and stakeholders in the health sector. The selection of the members is in consideration constitutional guidelines of integrity, gender mainstreaming, and professional relevance. After appointment in January of 2022, the hospital board was taken for induction on their functions for one week.

The attendance of board meetings is quite commendable. The hospital board is an advisory board with no executive authority.

The committee on service delivery has been at the forefront in ensuring that funds are allocated for improvement of service delivery especially catering and supply of medicines. Unfortunately the recurring shortage of technical staff in the hospital ensuring optimal service delivery remains a concern. Sometimes, supply disruptions, especially affecting laboratory reagents and orthopaedic implants due to pending bills meant that services were disrupted in some occasions.

The committee on infrastructure has five members and is chaired by a civil engineer. The committee included the public health officer of the hospital. The committee scrutinizes project plans before executions, of during construction. In addition they advise the medical superintendent on prioritization of hospital maintenance projects.

The hospital budgets were prepared quarterly based on needs and the revenue banked in the preceding three months. Approximately 23% of the hospital own-source revenue was spent on human resource payment. Inclusion of other related expenses, including outsourced services including teleradiology, security and patient attendance services raised this proportion to 27%. Other significant expenses included drug supplies, supply of non-pharmaceuticals, supply of foodstuff and building and construction. The finances were inadequate, but some relief was afforded by the conditional grant of about KShs 201 million. However, sometimes the hospital management had to resort to ordering for supplies with uncommitted local purchase orders.

All hospital budgets originated from the hospital management team (HMT) based on departmental requisitions. The budget was then refined by the executive expenditure committee (EEC) based on priorities. The EEC is comprised of a small section of the HMT. The HMT members sometimes complained their departments were not allocated resources as per requests. The refined budget was then presented to the board subcommittee on finance for their input. The chairperson of the finance subcommittee presented the budget during the full board meeting. Ultimately the chief officer of medical services, who is the accounting officer of the department of health services gave his input into the budget.

VIII. Management Discussion and Analysis

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years. Some of the details to be included under this section are;

Clinical/operational performance

Nakuru County Referral and Teaching Hospital (NCRTH) is a level 5 hospital serving Nakuru and other neighbouring counties including Nyandarua, Laikipia, Narok, Baringo, and Kericho. The hospital has a bed capacity of 800. The average bed occupancy was 125%. Children wards experienced a bit of crowding whenever there were seasonal outbreaks particularly of diarrhoea and pneumonia. The mortuary has a capacity of 60 bodies, but has average of 90 bodies; about 25% of bodies were unclaimed.

WORKLOAD STATISTICS FOR FINANCIAL YEAR 2020/2021 and 2021/2022

INDICATOR	2020/2021	2021/2022
BED CAPACITY	800	800
OUTPATIENT ATTENDANT	279,479	334353
INPATIENT ATTENDANT	50,367	41044
Average Length of stay (days)	7	8
BED OCCUPANCY	120%	130%
MORTALITY RATE	8%	7%
NUMBER OF OPERATIONS	6,841	8796
Normal deliveries	7,651	8479
Cs deliveries	3,726	4381
Maternal deaths	24	22
Maternal Mortality Ratio(per 100000 deliveries)	202	185.5

The total number of deliveries in the last financial year was higher than previous year at 12,860. The maternal mortality ratio had declined slightly to 185.5 deaths per 100,000 deliveries. This may be attributed

to better health seeking behaviour post covid-19. The hospital has eleven major operation theatres. However four of these were not functional leading to long turn-around times for surgeries. This particularly affected the general surgery theatre. Plans are under to equip extra theaters for general surgery and the eye unit. The mortality rate has remained stable and low. Most mortalities were reported in the medical due to chronic medical conditions including cancers and chronic non-communicable diseases.

The average length of hospital stay is one measure of inpatient services efficiency. The average length of stay increased this year to 8 from 7 days. This may be attributed to the fact that some staff had not fully resumed their duties. Besides, supply chained disruptions had not yet abated.

The hospital partners with Egerton University in teaching and provision of clinical services. However the university has lost many lecturers due to resignation. This hampered service delivery in some of our ward, particularly the internal medicine ward due to acute shortage of physicians. Kenya Medical Training College, especially Nakuru Campus are also our partners in the provision of training facilities. Kabarak University was also a partner though at a smaller scale.

The radiotherapy unit was constructed through funding from the national government. The unit is complete, but yet to be commissioned. The electricity bill for the radiotherapy unit will be paid by the county government. The Ministry of Health also supports the servicing radiology equipment, renal equipment, ICU equipment and sterilization equipment.

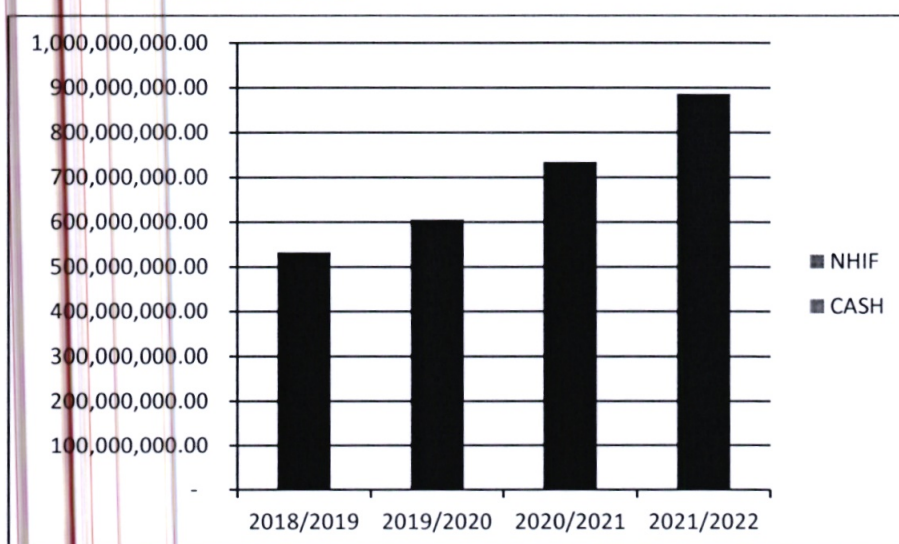
The hospital partners with USAID Tujenge Jamii (UTJ). This is mainly in support of HIV-related programs. The support includes staffing, ICT equipment and technologies, non-pharmaceutical consumables and drugs. Nest-360, under CDC, supported the new born unit with training and equipment. The support from Nest-360 in the form of capacity-building and equipment has led to improved new-born outcomes.

All these partnerships have helped improve patient outcomes and reduce hospital stay with better outcomes for the patients. The partnerships have also helped contain cost of providing quality medical care with reduced turnaround time.

Financial performance that includes

The hospital generates revenue from clinical services provided. In addition some revenue is generated from rental of business spaces, for example advertising spaces, Sacco business premises. The revenue is through mobile banking, NHIF, and conditional grant from the county government. The cash and NHIF collections are deposited into one hospital account from which it is spent after AIE approval. The conditional grant is spent from county treasury through an AIE. In the same breath the hospital waives a lot of bill of indigents. In addition all children under the age of 5 years are provided with free services. The revenue collected has improved over past few years.

Graph on revenue collection



All hospital revenue including the conditional grant, is spent on hospital operations through budgeting process that originates from the HMT. The hospital is a procuring entity. Therefore departmental requisitions are processed through the procurement department. The payment processes, though initiated at the hospital must be approved by the chief officer of medical service access hospital bank. The signatories to the hospital bank account are the chief officer of medical service, the departmental accountant and the medical superintendent.

During the year under review, the hospital committed resources to many capital projects. This seems to have temporarily diverted resources from the recurrent expenditure. Unfortunately, but not surprisingly, this has led to accumulation of debts owed to suppliers. Most of the debts will be paid in the coming years. These debts are in addition to the pending bills brought down from previous years. One of the suppliers already sued the hospital in a bid to recover their funds. Therefore litigation remains a real threat going forward. One strategy to avoid growing debts is the institution of austerity measures to cut cost of production; increasing hospital fees is not a realistic option. All measures are geared towards avoid accumulation of debts. The hospital has committed to paying the debts. The equivalent of the annual conditional grant will be reserved for paying the pending bills.

Currently the hospital is facing several court cases relating to procurement and labor relations. Due to the unpredictable nature of litigation, these cases pose a real risk to future cash flow and operations of the hospital. Therefore the issue of pending bills needs to be addressed proactively through resource allocation and engaging with suppliers to avert crises.

IX. Environmental And Sustainability Reporting

Nakuru County Referral and Teaching Hospital exists to transform lives. It is what guides us to deliver our strategy, putting the patients and client first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Nakuru County and Referral Hospital was established to provide health care services to the people of Nakuru County and beyond. Hospital retains all monies collected from patients and also funds received from NHIF. To supplement the resources, the county government provides the conditional grant, mostly geared towards development projects. In addition the hospital receives support from the national government to support the cancer program.

Nakuru County Referral and Teaching Hospital operates on the principle of cost recovery. This is meant to make the services sustainable while at the same time ensuring affordability of the services. Unfortunately some services remain a net drain on the hospital resources. For example the hospital undercompensated for caesarean delivery at a rate of KShs 10,000, while the cost is estimated at KShs16600. Of course provision of outpatient services under NHIF cover on the basis of capitation continues be very inadequate to compensate for cost of service provision. Such payment models put the hospital finances at a knife's edge leaving little room for emergency responses.

The hospital is mostly able to recover most of the cost of delivering the services. Price volatility contributes a big chunk of the pending bills. Therefore given that oncology, maternity and dialysis services are mostly paid for through NHIF, revenue component cannot be adjusted easily to accommodate the high cost of inputs. Provision of free primary health services should be compensated for with supply of free commodities.

ii) Environmental performance

The Nakuru County Referral and Teaching Hospital is built on an expansive piece of land approximately 60 acres. There is adequate sunlight and green areas for patients to rest. The main challenge facing the hospital is drainage which seems not to have been considered during the planning of the hospital.

The hospital has adopted safe and environmentally friendly medical waste disposal practices. At the waste generating area, the waste is segregated using clearly marked impermeable bin liners with clear colour codes. Highly infectious waste is shredded using a machine and then treated using microwave. The waste is then transported in certified metallic bins to county dump site. Placentae from maternity are morcellated and disposed through the sewer system after chemical treatment. Waste sharp needles and highly infectious waste from the laboratory is treated using the certified hospital incinerator at very high temperatures.

Some hospital roofs still have asbestos sheets. The hospital plans to disposal of these as guided by National Environment Management Authority either by burying deep underground, or engaging a certified agent to dispose of the sheets.

iii) Employee welfare

Staff employment is based on advertisement with clear criteria and minimum requirement. The interviews for employment are objective; sometimes written interview precede the oral interview. Staff welfare is taken seriously at the hospital is handled seriously. Hospital staff are provided with adequate working gear. The working hours are as provided in the employment act. Staff who have covered night duties are allowed to take night offs to rest. Any staff suspected of having flouted hospital rules and ethical expectations are afforded a fair hearing and fair administration of justice observed. Ailing workers and those with special needs are considered when duties are allocated.

Staff are allowed to take their requisite annual leave. In case of need staff are also allowed to take compassionate and sick offs. The hospital facilitates staff who need to attend professional conferences and workshops. Staff who need to advance their skills are allowed to take study leaves. Staff who are bereaved are supported socially and financially. The hospital provides staff tea for all

staff. Theatre staff are provided with meals. All staff on contract are covered under the county government occupational health and hazard compensation scheme.

iv) Market place practices-

The hospital strives to ensure:

a) Responsible competition practice.

The hospital does not engage in active marketing of the services, nor do we have special preferences when need for referring patients outside the hospital arises. For example sometimes we may need to refer a patient for laboratory test unavailable at the hospital.

In the past year the hospital administration has had to address patients' complaints of being diverted by rogue health workers to private hospital on allegation of long waiting times. The medical council rules are not clear on actions to be taken against such officers. All patients referred to this hospital are handled fairly irrespective of whether they were referred from private or public hospital.

b) Responsible Supply chain and supplier relations

Prequalification of merchants that supply hospital is carried out by the department of supply chain management at the county government. The hospital procurement department affords every supplier and service provider fair opportunity to do business with the hospital as long as the supplier is responsive. Special groups of the disabled and women are considered during prequalification for tenders by being categorized separately into categories that are not capital intensive.

The main challenge affecting the hospital procurement and supply chain services is pending bills, with some dating as far back as two years. The hospital board of management has committed to avoid accumulation of debts by procuring within the budget and within available funds. The medical superintendent and head of supply chain management have committed to engage suppliers and service providers actively to avoid bad blood between the institution and the stakeholders.

c) *Responsible marketing and advertisement*

The hospital does not engage in active marketing of the services, nor do we have special preferences when need for referring patients outside the hospital arises. For example sometimes we may need to refer a patient for laboratory test unavailable at the hospital.

In the past year the hospital administration has had to address patients' complaints of being diverted by rogue health workers to private hospital on allegation of long waiting times. The medical council rules are not clear on actions to be taken against such officers. All patients referred to this hospital are handled fairly irrespective of whether they were referred from private or public hospital.

d) *Product stewardship*

The hospital mainly handles patients and clients. The hospital management strives to always maintain a good image and standing. To this end the management has set standards that are preserved through adherence to standard operating procedures. In addition all staff working at the hospital must have current registration with their respective licensing bodies. The hospital takes responsibility for all outcomes of treatment provided within the premises.

All data for services provided at the hospital belong to the hospital as an entity. Any access by outside persons or bodies must be authorised expressly from the office of the medical superintendent.

v) *Corporate Social Responsibility / Community Engagements*

The hospital does routinely engage services that may not bring revenue. For example school visits and health education. In addition the hospital hosts national and international health days during which free screening for chronic medical conditions is done at no cost. Hospital staff are also linked to radio and television talk show for public education. Sometimes the hospital public health department makes visits to communities when there are suspected outbreak of a disease of public health importance. The hospital ambulances are available for referring patient at subsidized rates; sometimes patients are transported for especially from accident scenes.

X. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of the Nakuru County Referral and Teaching Hospital's affairs.

Principal activities

The principal activities of the entity included provision of primary and secondary medical and surgical services for the people of Nakuru County and the neighbouring counties.

Results

The results of the entity for the year ended June 30th 2022 are set out on page 1 to 11.

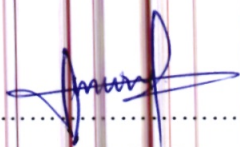
Board of Management

The members of the Board who served during the year are shown on page ix to xii. During the year 2021/2022, no director retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Nakuru County Referral and Teaching Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Dr. Aisha Maina,
Secretary to the Board

However during the year in question many bills for the hospital waived many hospital bills for indigent patients. The hospital even facilitated repatriation of patients abandoned in the hospital by relatives, especially psychiatric patients.

XI. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements which give a true and fair view of the state of affairs of Nakuru County Referral and Teaching Hospital (NCRTH) at the end of the financial year/period and the operating results of NCRTH for that year/period. The Board of Management is also required to ensure that NCRTH 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the 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. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2022, and of its financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

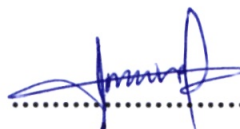
The Hospital's financial statements were approved by the Board on 14th May 2024 and signed on its behalf by:


.....

Mr. John Mwangi

Chairperson

Board of Management


.....

Dr. Aisha Maina

Accounting Officer

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NAKURU COUNTY TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nakuru County Teaching and Referral Hospital – County Government of Nakuru set out on pages 1 to 60, which

comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nakuru County Teaching and Referral Hospital – County Government of Nakuru as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Variance in National Health Insurance Fund Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.107,222,110 as disclosed in Note 28 to the financial statements. The balance represents amount owed by the National Health Insurance Fund (NHIF). However, collaborative data from the NHIF revealed that no amounts were owed to the Hospital resulting to unreconciled variance of Kshs.107,222,110.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.107,222,110 could not be confirmed.

2. Lack of Ownership and Valuation of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.188,936,450 as disclosed in Note 31 to the financial statements. Review of the assets register revealed that six (6) motor vehicles and land occupied by the Hospital were not included in the balance. Further, logbooks and land title deed to ascertain ownership of the assets were not provided for audit.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.188,936,450 could not be confirmed.

3. Unsupported Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.234,063,677 as disclosed in Note 16 to the financial statements. However, the supporting schedules reflect an amount of Kshs.235,313,111, resulting to unreconciled

variance of Kshs.1,249,434. Further, payrolls for the months of October, November and December, 2021 were not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.234,063,677 could not be confirmed.

4. Unsupported Trade and Other Payables

The statement of financial position reflects an amount of Kshs.574,510,402 in respect of trade and other payables balance as disclosed in Note 34 to the financial statements. However, invoices and supporting schedules were not provided to support the payables.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.574,510,402 could not be confirmed.

5. Unsupported Revenue from Non-Exchange Transactions

The statement of financial performance reflects revenue from non-exchange transactions amount of Kshs.293,783,555, comprising of transfers and in-kind contributions from the County Government of Kshs.67,120,034 and 226,663,521 respectively. However, the balances were not supported with relevant schedules.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions of Kshs.293,783,555 could not be confirmed.

6. Unsupported Board of Management Expenses

The statement of financial performance reflects an amount of Kshs.6,771,416 in respect of board expenses as disclosed in Note 17 to the financial statements. However, payment vouchers and board minutes were not provided for audit. Further, letters and gazette notice supporting the appointment of the board were not provided for audit.

In the circumstances, the accuracy and completeness of the board of management expenses of Kshs.6,771,416 could not be confirmed.

7. Non-Disclosure of Donated Drugs

The statement of financial performance reflects a nil amount on grants from donors and development partners as reported in the financial statements. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.244,626,912 and Universal Health Coverage of Kshs.3,959,413 but were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of grants from donors and development partners could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Transfer Revenue to the County Revenue Fund

The statement of financial performance reflects rendering services- medical services income of Kshs.458,750,715 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 and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Lack of Quarterly Revenue Reports

The statement of financial performance reflects Kshs.458,750,715 in relation to the rendering of services-medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the quarterly reports were prepared and submitted to the County treasury with a copy to the Auditor-General. This was contrary to Regulations 64(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer or receiver of

revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

3. Lack of Approved Budget

The statement of comparison of budget and actual amounts reflects a total revenue and expenditure budget of Kshs.1,108,648,473 and Kshs.1,039,188,112 respectively. The amounts were however, not supported by an approved budget contrary to the provisions of Regulation 50(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires expenditure to be controlled against approved budgets.

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

4. Lack of a Procurement Plan

The statement of financial performance reflects total expenses of Kshs.1,071,965,465 out of which Kshs.831,130,372 relates to procurement of goods and services. However, the Hospital did not have an approved procurement plan for financial year 2021/2022. This was contrary to Regulation 50(3) of the Public Finance Management (County Governments) Regulations, 2015 which requires expenditure commitments to be only against the procurement plans approved for that entity in accordance with the Public Procurement and Disposal Act and Regulations made thereunder.

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

5. Failure to Maintain an Imprest Register

The statement of financial performance reflects general expenses balance of Kshs.172,772,992 as disclosed in Note 21 to the financial statements. Included in the balance is an expenditure of Kshs.1,266,633 in respect of accommodation – domestic travel, incurred through imprests issued to Hospital staff. However, the Hospital did not maintain an imprest register for the imprests issued contrary to provisions of Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015, which requires accounting officers to record imprest applicants in an imprest register, including the amounts applied for.

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

6. Unutilised Medical Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.188,936,450 as disclosed in Note 31 to the financial statements. The amount includes Managed Equipment Services (MES) outsourced by the Ministry of Health. However, physical verification in the month of April, 2024 revealed that the contracts between maintenance service providers and the Ministry had expired. Therefore, six renal dialysis equipment were not functioning and had not been serviced as at April, 2024

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

7. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

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 twenty-nine (29) staff requirements or 48% of the authorized establishment.

Staff	Recommended Staffing Level	Staff in the Institution	Variance	Percentage %
Medical Officers	50	26	24	48
Anaesthesiologist	7	3	4	57
Radiologist	4	3	1	25
Total	61	32	29	48

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

Service	Level 5 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Functional ICU beds	12	6	6	50
High Dependency Unit (HDU) Beds	12	4	8	67

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

In the circumstances, the understaffing and inadequate hospital equipment may negatively have impacted on service delivery to the public.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Incomplete Assets Register

Review of the assets register and physical inspection revealed that Information and Communication Technology (ICT) equipment and furniture had not been tagged, an indication that there were no proper controls and preventive mechanisms in place to prevent asset loss.

In the circumstances, the effectiveness of internal controls over management of assets could not be confirmed.

2. Poor Management of Inventory

The statement of financial position reflects inventory balance of Kshs.283,225,843 as disclosed in Note 30 to the financial statements. Review of store records and controls revealed that the Hospital did not maintain up to date stock cards. Further, obsolete items were stored together with moving stock and periodic stock counts were not conducted.

In the circumstances, existence of effective controls over inventory management could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its 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 terminate the Hospital or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 July, 2024

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIII. Statement of Financial Performance for The Year Ended 30 June 2022

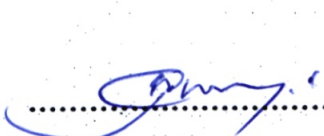
Description	Notes	2021/22 KShs
Revenue from non-exchange transactions		
Transfers from the County Government	6	67,120,034
In-kind contributions from the County Government	7	226,663,521
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
		293,783,555
Revenue from exchange transactions		
Rendering of services- Medical Service Income	11	458,750,715
Revenue from rent of facilities	12	111,200
Finance /Interest Income	13	-
Other Income (National Hospital Insurance Fund)	14	428,425,134
Revenue from exchange transactions		887,287,049
Total revenue		1,181,070,604
Expenses		
Medical/Clinical costs	15	612,008,225
Employee costs	16	234,063,677
Board of Management Expenses	17	6,771,416
Depreciation and amortization expense	18	-
Repairs and maintenance	19	46,349,155
Grants and subsidies	20	-
General expenses	21	172,772,992
Finance costs	22	-
Total expenses		1,071,965,465

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

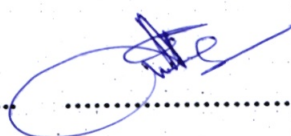
Other gains/(losses)		
Gain on disposal of non-Current assets	23	-
Unrealized gain on fair value of investments	24	-
Medical services contracts Gains/Losses	25	-
Impairment loss	26	-
Gain on foreign exchange transactions		-
Total other gains/(losses)		-
Net Surplus for the year		109,105,139
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling entity		-
		109,105,139

(The notes set out on pages 12 to 59 form an integral part of the Annual Financial Statements.)

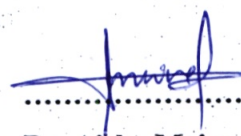
The Hospital's financial statements were approved by the Board on 14th May 2024 and signed on its behalf by:



Mr. John Mwangi
Chairman
Board of Management



Head of Finance
ICPAK No:



Dr. Aisha Maina
Medical Superintendent

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIV. Statement of Financial Position as of 30th June 2022

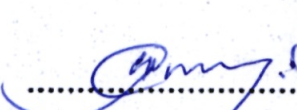
Description	Notes	2021/22
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	105,020,403
Receivables from exchange transactions	28	107,222,110
Receivables from non-exchange transactions	29	-
Inventories	30	283,225,843
Total Current Assets		495,468,356
Non-current assets		
Property, plant, and equipment	31	188,936,450
Intangible assets	32	-
Investment property	33	-
Total Non-current Assets		188,936,450
Total assets		684,404,806
Liabilities		
Current liabilities		
Trade and other payables	34	574,510,402
Refundable deposits from customers/Patients	35	789,264
Provisions	36	-
Finance lease obligation	37	-
Current portion of deferred income	38	-
Current portion of borrowings	39	-
Total Current Liabilities		575,299,667
Non-current liabilities		
Provisions	36	-

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

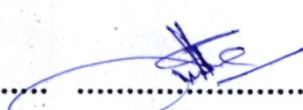
Description	Notes	2021/22
		Kshs
Non-Current Finance lease obligation	37	-
Non-Current portion of deferred income	38	-
Non - Current portion of borrowings	39	-
Service concession liability	40	-
Total Non-current liabilities		-
Total Liabilities		575,299,667
Net assets		
Revaluation reserve		-
Accumulated surplus/Deficit		109,105,139
Capital Fund		-
Total Net Assets and Liabilities		684,404,806

(The notes set out on pages 12 to 59 form an integral part of the Annual Financial Statements.)

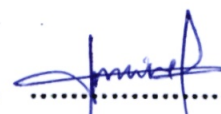
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Mr. John Mwangi
Chairman
Board of Management



Head of Finance
ICPAK No:



Dr. Aisha Maina
Medical Superintendent

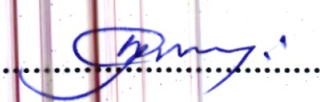
Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022

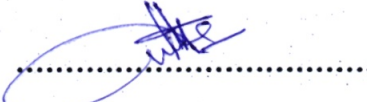
	Revaluation reserve	Accumulated surplus/deficit	Capital Fund	Total
As at July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2021	-	-	-	-
At July 1, 2021	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	109,105,139	-	109,105,139
Capital/Development grants	-	-	-	-
At June 30, 2022	-	109,105,139	-	109,105,139

(The notes set out on pages 12 to 59 form an integral part of the Annual Financial Statements.)

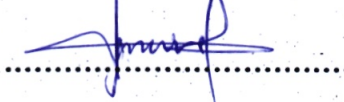
The Hospital's financial statements were approved by the Board on 14th May 2024 and signed on its behalf by:


 ...

Mr. John Mwangi
Chairman
Board of Management


 ...

Head of Finance
ICPAK No:


 ...

Dr. Aisha Maina
Medical Superintendent

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XVI. Statement of Cash Flows for The Year Ended 30 June 2022

Description	Note	2021/22
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	6	67,120,034
In-kind contributions from the County Government	7	226,663,521
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
Rendering of services- Medical Service Income	11	458,750,715
Revenue from rent of facilities	12	111,200
Finance / interest income	13	-
Other Income (National Hospital Insurance Fund)	14	428,425,134
Medical Fees paid in advance	35	789,264
Total Receipts		1,181,859,868
Payments		
Medical/Clinical costs	15	612,008,225
Employee costs	16	234,063,677
Board of Management Expenses	17	6,771,416
Repairs and maintenance	19	46,349,155
Grants and subsidies	20	-
General expenses	21	172,772,992
Finance costs	22	-
Refunds paid out	35	-
		1,071,965,465
Total Payments		109,894,404

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Net cash flows from operating activities	41	
Cash flows from investing activities		8,702,056
Purchase of Property, Plant and Equipment & Intangible Assets	31	-
Proceeds from the sale of property, plant, and equipment		18,017,027
Acquisition of investments		26,719,083
Net cash flows used in investing activities		
Cash flows from financing activities		-
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-
Net cash flows used in financing activities		
Net increase/ (decrease) in cash and cash equivalents		83,175,321
Cash and cash equivalents at 1 July	27	21,845,083
Cash and cash equivalents at 30 July	27	105,020,403

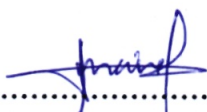
The notes set out on pages 12 to 59 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14th May 2024 and signed on its behalf by:


.....

Mr. John Mwangi
Chairman
Board of Management


.....

Head of Finance
ICPAK No:


.....

Dr. Aisha Maina
Medical Superintendent

XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022

Description	Original Budget	Adjustments	Revised Budget	Actuals on comparison basis	Performance Difference	% of Difference
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	67,120,034	-	67,120,034	67,120,034	-	100%
In-Kind Contributions from the County Government	226,663,521	-	226,663,521	226,663,521	-	100%
Transfers from other Government entities	377,068,342	-	377,068,342	428,425,134	(51,356,792)	114%

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Public contributions and donations	-	-	-	-	-	-
Rendering of services-						
Medical Service Income	437,602,475	-	437,602,475	458,750,715	(21,148,240)	105%
Revenue from rent of facilities	194,102	-	194,102	111,200	82,902	57%
Finance / interest income	-	-	-	-	-	-
Other receipts (specify)	-	-	-	-	-	0%
Total income	1,108,648,473	-	1,108,648,473	1,181,070,604	(72,422,131)	107%
Expenses						
Medical/ Clinical costs	582,989,836	20,000,000	602,989,836	612,008,225	(9,018,389)	101%
Employee costs	223,994,692	-	223,994,692	234,063,677	(10,068,985)	104%
Remuneration of directors	2,670,000	-	2,670,000	6,771,416	(4,101,416)	254%

Repairs and maintenance	43,966,334	-	43,966,334	46,349,155	(2,382,821)	105%
Grants and subsidies	-	-	-	-	-	-
General expenses	163,067,250	2,500,000	165,567,250	172,772,992	(7,205,742)	104%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Surplus for the period	91,960,361	(22,500,000)	69,460,361	109,105,139	(39,644,778)	157%
Capital expenditure	1,016,688,112	22,500,000	1,039,188,112	1,071,965,465	(32,777,353)	103%

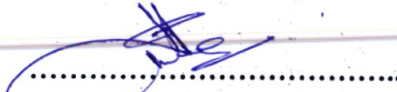
(Budget notes)

- 1. Revenue from rent of facilities had an increment of 52% due to the uncertainty of clients who require tent pitching services.*
- 2. Remuneration of directors had an increment of 154% due to impromptu meetings during the year, seeing as it was a year where the COVID-19 pandemic was a national issue.*
- 3. General expenses had an increment of 20% because of urgent procurement of masks, sanitizers, gloves among other important things due to the uncertain nature of the spread of the COVID-19 virus.*

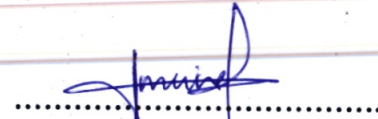
The notes set out on pages 12 to 59 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 14th May 2024 and signed on its behalf by:



Mr. John Mwangi
Chairman
Board of Management



Mr. George Karanja
Head of Finance
ICPAK No:



Dr. Aisha Maina
Medical Superintendent

XVIII. Notes To the Financial Statements

1. General Information

Nakuru County Referral and Teaching Hospital is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is health services.

2. Statement Of Compliance And Basis Of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Nakuru County Referral and Teaching Hospital'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 Notes 6 to 49. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nakuru County Referral and Teaching Hospital.

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

3. Adoption of New and Revised Standards

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

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	Applicable 1st January 2025 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
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IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
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ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2021/2022.

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.

Notes to the Financial Statements (Continued)

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.

Dividends

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

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Board on **28th July 2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **22,500,000** on the FY 2021/2022 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized

in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

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

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

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

g) Intangible assets

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

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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements (Continued)

Loans and borrowing

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

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

i) Inventories

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

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.

k) Nature and purpose of reserves

The hospital does not create or maintain reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The 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.

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

The 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.

q) 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.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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.

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 the Financial Statements (Continued)

6. Transfers From The County Government

Description	2021/22
	KShs
Description	2021/22
	KShs
Unconditional grants	
Operational grant	-
Level 5 grants	-
Nakuru County Government Repayment of Borrowings	67,120,034
	-
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 & Subsidies	67,120,034

Notes to the Financial Statements (Continued)

6 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 KShs	Total 2020/21 KShs
			KShs		
The County Government of Nakuru	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

7. In Kind Contributions from The County Government

Description	2021/22
	KShs
Salaries and wages	-
Pharmaceutical and Non-Pharmaceutical Supplies	103,008,791
Medical supplies-Drawings Rights (KEMSA)	19,561,061
Utility bills	33,500,000
Printing	1,500,000
Training	1,000,000
General Office Supplies	1,500,000
Refined Fuel	1,250,210
Other Fuel	1,000,000
Chemical & Industrial Gases	8,272,450
Food & Ration	18,000,000
Linen	8,572,243
X-Ray Supplies	6,389,070
Sanitary & Cleaning materials	1,368,232
Maintenance of Plant & Equipment	10,000,000
Maintenance of Buildings	11,741,464
Purchase of Medical & Dental Equipment	-
Construction of Buildings- Outpatient Complex	-
Total grants in kind	226,663,521

(These are donations for medical drugs made directly by KEMSA and expenses of various items paid by the Nakuru County Government)

Notes to the Financial Statements (Continued)

8. Grants From Donors and Development Partners

Description	2021/22
	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	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

9. Transfers From Other Government Entities

Description	2021/22
	KShs
Transfer from National Government (Ministry of Health)	-
Transfer from National Hospital Insurance Fund (NHIF)	428,425,134
Total Transfers	428,425,134

Notes to the Financial Statements (Continued)

10. Public Contributions and Donations

Description	2021/22
	KShs
Public donations	-
Donations from local leadership	-
Donations from religious institutions	-
Donations from other international organisations and individuals	-
Other donations(<i>specify</i>)	-
Donations in kind-amortised	-
Total donations and sponsorships	-

10 (a) Reconciliations of amortised grants

Description	2021/22
	KShs
Balance unspent at beginning of year	-
Current year receipts	-
Amortised and transferred to revenue	-
Conditions to be met – remain liabilities	-

Notes to the Financial Statements (Continued)

11. Rendering of Services-Medical Service Income

Description	2021/22
	KShs
Pharmaceuticals	50,708,132
Inpatient Service	93,671,600
Laboratory	65,940,100
Radiology	103,255,600
Outpatient Service	24,769,600
Theatre	18,421,400
Reproductive health	60,100
Farewell home services	21,271,400
Other medical services income	80,652,783
Total revenue from the rendering of services	458,750,715

12. Revenue From Rent of Facilities

Description	2021/22
	KShs
Residential property	-
Commercial property	111,200
Total Revenue from rent of facilities	111,200

(This is revenue from rent from Afya Sacco Society (FOSA) at a monthly fee of Kshs. 15,000 and providing tent pitching services as needed, at a monthly fee of Kshs. 3,000)

Notes to the Financial Statements (Continued)

13. Finance /Interest Income

Description	2021/22
	KShs
Cash investments and fixed deposits	-
Interest income from short- term/ current deposits	-
Interest income from Treasury Bills	-
Interest income from Treasury Bonds	-
Interest from outstanding debtors	-
Total finance income	-

14. Other Income

Description	2021/22
	KShs
Insurance recoveries	-
Income from sale of tender	-
Services concession income	-
Sale of goods (water, publications, containers etc)	-
Total other income	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22
	KShs
Purchase of Medical & Dental Supplies	50,089,037
Laboratory chemicals and reagents	27,964,618
Food and Ration	75,080,959
Purchase of Bedding & Linen	30,618,417
Dressing and Non-Pharmaceuticals	204,168,728
Medical Drugs	158,004,985
Sanitary and cleansing Materials	9,679,202
Chemical & Industrial Gases (Oxygen)	28,420,338
X-Ray/Radiology supplies	27,739,991
Escorting Patients	241,950
Total medical/ clinical costs	612,008,225

16. Employee Costs

Description	2021/22
	KShs
Salaries, wages, and allowances	234,063,677
Contributions to pension schemes	-
Service gratuity	-
Performance and other bonuses	-
Staff medical expenses and Insurance cover	-
Group personal accident insurance and WIBA	-
Social contribution	-
Other employee costs (<i>specify</i>)	-
Employee costs	234,063,677

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22
	KShs
Chairman's Honoraria	-
Sitting allowance	6,771,416
Mileage	-
Insurance expenses	-
Induction and training	-
Travel and accommodation allowance	-
Airtime allowances	-
Total	6,771,416

18. Depreciation And Amortization Expense

Description	2021/22
	KShs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	-

(The Hospital has not depreciated any of its assets but plans are underway on the same)

Notes to the Financial Statements (Continued)

19. Repairs And Maintenance

Description	2021/22
	KShs
Property- Buildings	22,437,315
Maintenance of Medical & Dental Equipment	5,556,407
Maintenance of HMIS	848,224
Computers and accessories	617,320
Motor vehicle expenses	1,781,139
Maintenance of plant & machinery	15,108,750
Total repairs and maintenance	46,349,155

20. Grants And Subsidies

Description	2021/22
	KShs
Community development and social work	-
Education initiatives and programs	-
Free/ subsidised medical camp	-
Disability programs	-
Free cancer screening	-
Other grants and subsidies(<i>specify</i>)	-
Total grants and subsidies	-

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Notes to the Financial Statements (Continued)

21. General Expenses

Description	2021/22
	KShs
Advertising and publicity expenses	2,380,710
Catering expenses	1,780,912
Refined fuel	9,366,871
Insecticides and rodenticides	55,600
General office supplies	6,046,925
Bank charges	1,120,298
Other fuel	3,856,484
Security operations	1,578,657
Contracted services	46,139,436
Electricity expenses	62,068,293
Accommodation- Domestic travel	1,266,633
Courier and postal services	20,190
Publishing & Printing services	6,074,500
Hire of transport	57,000
Payment of rent & rates	838,700
Water and sewerage costs	21,909,547
Telephone and mobile phone services	1,092,284
Internet expenses	280
Staff training and development	7,086,867
Supplies & accessories for computers	32,805
Miscellaneous expenses	-
Transfers to County Government of Nakuru	
Total General Expenses	172,772,992

Notes to the Financial Statements (Continued)

22. Finance Costs

Description	2021/22
	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	2021/22
	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	2021/22
	KShs
Investments at fair value	-
Total gain	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22
	KShs
Comprehensive care contracts with NHIF	-
Non- Comprehensive contracts care with NHIF	-
Linda Mama Program	-
Waivers and Exemptions	(65,333,301)
Total Gain/Loss	(65,333,301)

26. Impairment Loss

Description	2021/22
	KShs
Property, plant, and equipment	-
Intangible assets	-
Total impairment loss	-

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Notes to the Financial Statements (Continued)

27. Cash And Cash Equivalents

Description	2021/22
	KShs
Current accounts	105,020,403
On - call deposits	-
Fixed deposits accounts	-
Cash in hand	-
Others(<i>specify</i>)- Mobile money	-
Total cash and cash equivalents	105,020,403

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

Description		2021/22
Financial institution	Account number	KShs
a) a) Current account		
National Bank of Kenya	1001089797100	105,020,403
Sub- total		105,020,403
b) b) On - call deposits		
Kenya Commercial bank		-
Equity Bank – etc		-
Sub- total		-
c) c) Fixed deposits account		
Bank Name		-
Sub- total		-
d) d) Others(<i>specify</i>)		-
cash in hand		-
Mobile money- Mpesa, Airtel money		-
Sub- total		105,020,403
Grand total		105,020,403

Notes to the Financial Statements (Continued)

28. Receivables From Exchange Transactions

Description	2021/22
	KShs
Medical services receivables	-
Rent receivables	-
Other exchange debtors (NHIF)	107,222,110
Less: impairment allowance	-
Total receivables	107,222,110

29. Receivables From Non-Exchange Transactions

Description	2021/22
	KShs
Transfers from the County Government	-
Undisbursed donor funds	-
Other debtors (<i>non-exchange transactions</i>)	-
Less: impairment allowance	(-)
Total	-

30. Inventories

Description	2021/22
	KShs
Pharmaceutical and Non-Pharmaceutical supplies	164,674,068
Maintenance supplies	10,452,345
Food supplies	24,771,223
Linen and clothing supplies	5,902,500
Cleaning materials supplies	1,765,921
General supplies	75,659,786
Less: provision for impairment of stocks	-
Total	283,225,843

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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
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	155,372,832	-	974,979	2,349,006	3,520,550	-	162,217,367
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Transfers/ adjustments	-	-	-	-	-	-	-	-
At 30th June 2021	-	155,372,832	-	974,979	2,349,006	3,520,550	-	162,217,367
								-
At 1 st July 2021	-	155,372,832	-	974,979	2,349,006	3,520,550	-	162,217,367
Additions	-	18,017,027	-	1,198,556	2,741,800	4,761,700	-	26,719,083
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Transfer/ adjustments		-		-			-	-
At 30th June 2022	-	173,389,859	-	2,173,535	5,090,806	8,282,250	-	188,936,450

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation and impairment								
At 1 July 2020	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30 June 2021	-	-	-	-	-	-	-	-
At July 2021	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
At 30th June 2022	-	-	-	-	-	-	-	-

***Nakuru County Referral and Teaching Hospital (Nakuru County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Net book values								
At 30th June 2021	-	155,372,832	-	974,979	2,349,006	3,520,550	-	162,217,367
At 30th June 2022	-	173,389,859	-	2,173,535	5,090,806	8,282,250	-	188,936,450

Nakuru County Referral and Teaching Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22
	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	2021/22
	KShs
At beginning of the year	-
Additions	-
Fair value gain	-
Depreciation (<i>where investment property is at cost</i>)	(-)
At end of the year	-

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Notes to the Financial Statements (Continued)

34. Trade And Other Payables

Description	2021/22
	KShs
Air Ticket	181,195
Catering Services	823,000
Cleansing Materials	12,561,540
Computer Accessories	582,400
Construction of non-residential	8,907,872
Construction of Oxygen Plant	119,813,957
Contracted Services	4,516,622
Firewood	2,280,115
Food & Rations	13,658,672
General Office Supplies	2,044,630
HMIS	2,172,500
Implants	26,040,330
L.P.G Gas	758,346
Laboratory Reagents	23,992,623
Linen	6,791,800
Maintenance of Building	9,048,842
Maintenance of Medical Equipment	1,336,000
Maintenance of Plant & Machinery	2,502,949
Medical Drugs	50,448,276
Medical Gases	18,147,128
Non-Pharmaceuticals	148,561,064
Oncology	18,935,711
Ophthalmology-Purchase of Medical Equipment	2,344,000
Property Plant and Equipment	43,351,200
Printing	8,766,755
Purchase of Fire Extinguisher	313,000
Purchase of Plant & Machinery	725,000
Renal	42,285,698

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Supplementary Feeding	1,031,760
Training	59,000
X-Ray	1,528,417
Third-party payments (<i>unremitted payroll deductions</i>)	-
Audit fee	-
Doctors' fee	-
Total trade and other payables	574,510,402

35. Refundable Deposits from Customers/Patients

Description	2021/22
	KShs
Medical fees paid in advance	789,264
Credit facility deposit	-
Rent deposits	-
Others (<i>specify</i>)	-
Total deposits	789,264

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	-	-	-	-

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Notes to the Financial Statements (Continued)

37. Finance Lease Obligation

Description	2021/22
	Kshs
Current Lease obligation	-
Long term lease obligation	-
Total	-

38. Deferred Income

Description	2021/22
	KShs
Current Portion	-
Non-Current Portion	-
Total	-

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	-	-	-	-

Notes to the Financial Statements (Continued)

39. Borrowings

Description	2021/22
	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	2021/22
	KShs
Current Obligation	-
Non-Current Obligation	-
Total	-

40. Service Concession Arrangements

Description	2021/22
	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	=

Notes to the Financial Statements (Continued)

41. Cash Generated from Operations

	2021/22
	KShs
Surplus for the year before tax	109,894,404
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	(-)
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	109,894,404

42. 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 company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

Notes to the Financial Statements (Continued)

(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 company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the 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 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the 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 company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				

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Trade payables	-	-	574,510,402	574,510,402
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	574,510,402	574,510,402

(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 company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the 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:

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Notes to the Financial Statements (Continued)

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
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.

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

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

Management of interest rate risk

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

Sensitivity analysis

The 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.

Notes to the Financial Statements (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one Percentage point as a decrease/increase of KShs 4,654,052.63 (2021: KShs 1,664,297.21). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 23,270,263.15 (2021 – KShs 8,321,486.07).

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:

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	0
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	xx%	xx%

43. 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.

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Government of Kenya

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

- i) The National Government;
- ii) Ministry of Health;
- iii) County Government of Nakuru;
- iv) Department of Health Services Nakuru County;
- v) Key management;
- vi) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to Partners	-	-
Sales of services to Partners	-	-
Total	-	-
b) Grants from the Government		
Grants from Partner	-	-
Grants from the Partner	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for Partner's employees	-	-
Payments for goods and services for Partner	-	-
Total	-	-

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d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

44. Segment Information

Nakuru County Referral and Teaching Hospital does not operate in different Geographical regions.

45. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

47. Events After The Reporting Period

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

Notes to the Financial Statements (Continued)

48. Ultimate And Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

49. Currency

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

XIX. Appendices

Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.

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(iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....

Dr. Aisha Maina

Accounting Officer

APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

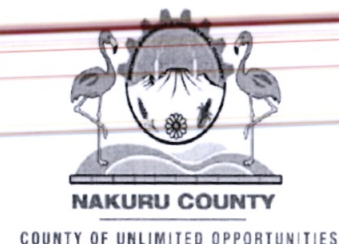
Status of Projects completion

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

APPENDIX IV: Inter-Entity Confirmation Letter



**REPUBLIC OF KENYA
NAKURU COUNTY GOVERNMENT
DEPARTMENT OF HEALTH SERVICES**



Email:rvpghnakuru@yahoo.com
Mobile; +254721750460

NAKURU COUNTY REFERRAL AND TEACHING HOSPITAL
P.O. BOX 71-20100
NAKURU

Name of Beneficiary Entity:

Address:

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30th June 2022

		Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter- Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name SignDate

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APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization: Nakuru County Referral and Teaching Hospital

Telephone Number: (+254) 721750460

Email Address: rvpghnakuru@yahoo.com

Name of Medical Supp/MD/Head: Dr. Aisha Maina

Name and contact details of contact person (in case of any clarifications)

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

APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year 2021/2022				Quarter 1-4	
Name of Reporting Officer						
Contact details of the reporting officer:	Email				Telephone	
Column I		Column III	Column IV	Column V	Column VI	Column VII
Programme		Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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