

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

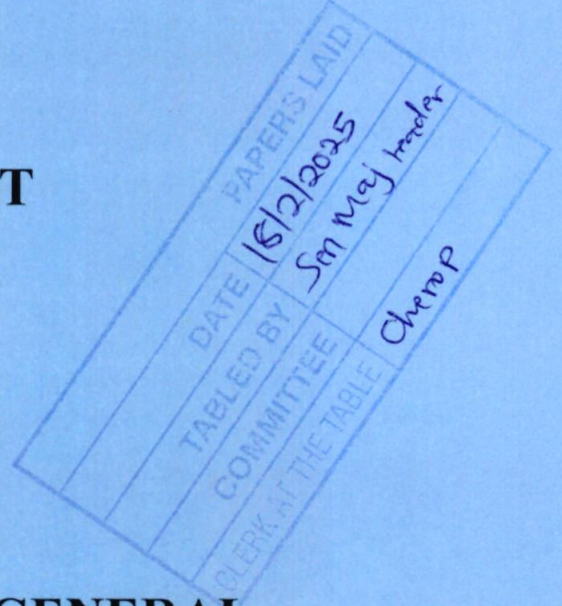
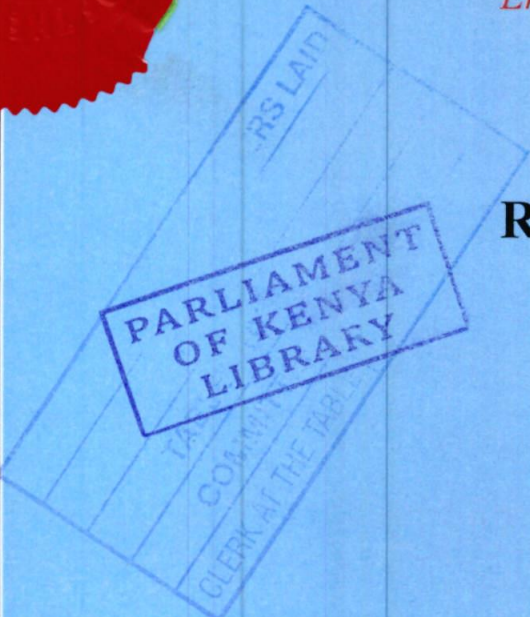
THE AUDITOR-GENERAL

ON

KARURI LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KIAMBU



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
31 DEC 2024
RECEIVED

Revised 30th June 2024



COUNTY GOVERNMENT OF KIAMBU
DEPARTMENT OF HEALTH SERVICES

**KARURI LEVEL 4 HOSPITAL
(County Government of Kiambu)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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

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1. Acronyms & Glossary of Terms

CCC	Comprehensive Care Clinic
CHIS	County Health Information System
CHMT	County Health Management Team
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
CWC	Child Welfare Clinic
EEC	Executive Expenditure Committee
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Hospital Management Team
I/C	In Charge
ICPAK	Institute of Certified Public Accountant (Kenya)
IPSAS	International Public Sector Accounting Standards
KEMSA	Kenya Medical Supplies Authority
KMTC	Kenya Medical Training College
MED SUP	Medical Superintendent
MOH	Ministry of Health
MOPC	Medical Outpatient Clinic
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
OSHA	Occupational Health & Safety Act
PFMA	Public Finance Management Act
SDGs	Sustainable Development Goals
UHC	Universal Health Care

2. Key Entity Information and Management

(a) Background information

Karuri Level IV Hospital was opened by His Excellency the Governor of Kenya the Right Honorable Mr. Malcom Macdonald on 28th January 1963 with assistance for its construction, equipment, and staffing from the Rockefeller Foundation, The United Nations Children Fund, The World Health Organization, The Government of Kenya and The African District Council Kiambu.

The Hospital operates as a Public Health Facility under gazette notice number 465 of 24th January 2014 and is domiciled in Kiambu County under the Department of Health Services. The hospital is governed by a Board of Management.

(b) Principal Activities

- a) To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care
- b) To provide facilities for medical education for various institutions and for research either directly or through other co-operating health institutions
- c) To provide facilities for education and training in nursing and other health and allied institutions
- d) To participate, as referral hospital within the sub county

VISION

To promote and participate in the provision of quality, curative, and rehabilitative services to all clients.

MISSION

To provide efficient and high-quality medical services that are accessible, equitable, and affordable.

(c) Key Management

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

- The county department of Health
- Board of Management
- Medical Superintendent

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- Health Management Team

(d) Fiduciary Management

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

No.	Name	Designation
1	Dr Janet Ngethe	Medical Superintendent
2	Blandine Kiguru	Nursing Service Manager
3	CPA David Kinuthia	Head of Finance
4	Joel Gitau	Head Of Supply Chain
5	Dr George Mwangi	Pharmacist I/C
6	Richard Munene	Clinical Officer I/C
7	Peter Ngoro	Public Health I/C
8	Gladys Gitau	Nutritionist I/C
9	Beatrice Giteru	Laboratory I/C
10	Edith Mbugua	Health Records I/C
11	Dr Lucy Macharia	Dentist I/C

(e) Fiduciary Oversight Arrangements

The facility has established the following committees that provide fiduciary oversight in the management of hospital affairs;

- The Executive Expenditure Committee (EEC)
- The Inspection and Acceptance Committee
- Medicines and Therapeutics Committee
- Infection prevention committee
- Training/Ethics/Research Committee

(f) Entity Headquarters

Karuri Level IV Hospital
P.O. Box 65-00219 Karuri
Off Banana Road
Kiambu County, Kenya

(g) Hospital Contacts

Telephone: (+254) 719856761

E-mail: karurisdh@gmail.com

(h) Hospital Bankers

Kenya Commercial Bank,

Village Market Branch

P.O. Box 1066-00621

Village Market.

(i) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, University 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

County Attorney

P.O. Box 2344-00900

Kiambu

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3. The Board of Management

Dr Cosmas Kimama is the chairman of Karuri Level IV Hospital Board. He has served on other Hospital Boards and Committees within Kiambu County for the last eight years.

Currently, he is a private practitioner and has been instrumental in guiding the facility through his experience in governance and the medical field.



Evangelist **Grace Wandithia** is a member of the Karuri Hospital Board.

She holds a degree in theology and has been an evangelist for the last 12 years.

She has been positively impacting the community through ministering.

Margaret Njeri Mbugua holds a Master of Science degree in Clinical psychology and a Bachelor's degree in Counselling psychology.

She has 15 years of experience as a counselling/clinical psychologist.



Njoroge Njenga is an A-level graduate. He is a documents clerk at the United Nations Environmental Program (UNEP). He has been a Pastor since the year 2000 as well.

Dr Janet Ng'ethe holds a bachelor of Medicine and Bachelor of Surgery degree (MBChB) and a master of science degree in medical statistics from University of Nairobi.

She is currently the Medical Superintendent Karuri Level 4 Hospital, Secretary to the Hospital Board and the Medical Officer of Health (SCMOH) for Kiambaa Sub- County.



4. Key Management Team

Dr Janet Ng'ethe holds a bachelor of Medicine and Bachelor of Surgery degree (MBChB) and a master of science degree in medical statistics from University of Nairobi.

She is currently the Medical Superintendent Karuri Level 4 Hospital, secretary to the Hospital Board and the Medical Officer of Health (SCMOH) for Kiambaa Sub- County.



CPA David Kinuthia holds a Bachelor of Business Management (Finance & Accounts) from Moi University. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants (ICPAK).

He is in charge of the hospital accounts payable, accounts receivables, hospital payroll, coordinating preparation of hospital budget and implementation plans and financial reports.

Joel Gitau is the **Head of Supply Chain**. He holds a Diploma in Purchasing and Supply Management from Jomo Kenyatta University of Agriculture and Technology. He is in charge of the hospital procurement. Joel is charged with procurement of goods and services, coordinating preparation of procurement plan and management of the hospital stores.



Blandina Ngonyo is the **Nursing Services Manager**. She holds a Bachelor of Science in Nursing from the University of Nairobi. She is in charge of the hospital nursing department.

As the NSM Blandina is concerned with ensuring standard and quality of care are maintained and managing nursing staff in the hospital.

Dr George Mwangi is the **Pharmacist In-charge**. He holds a Bachelor's in pharmacy from the University of Nairobi and a Master's in health economics from the University of Nairobi.

He is also in charge of the facility pharmacy, ensuring proper supply chain management for pharmacy commodities and patient-centered pharmacy practice is followed to achieve outcomes.



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Beatrice Giteru is the **Laboratory In-charge**. She has a Diploma in Medical Laboratory from Nairobi Technical Institute.

As the laboratory In Charge Beatrice is charged with ensuring quality controls in the laboratory are adhered to, managing staff in the laboratory and managing the laboratory store.

Richard Munene is the **Clinical officer In-charge**. Richard holds a Bachelor of Science (Clinical Medicine) from Egerton University. Munene is in charge of managing the hospital clinical staff and coordinating with other departments to ensure smooth and efficient operations.



5. Chairman's Statement

It is with pleasure we present the Hospital's 2023/2024 Annual Report and Financial Statements. The report is a summary of the activities the hospital undertook translated financial and statistically. Deliberate efforts have been collectively applied by stakeholders to ensure the report depicts a true and fair presentation of the financial affairs of the hospital.


During the period the hospital has progressively expanded and its services and as a result the workload has grown to over 74,000. With the commitment of the County to expand the current structure and relocating KMTC the hospital will have adequate space to erect new buildings This expansion has seen growth in infrastructure, scope of services rendered and health care providers.

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

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

At the same time, I would like to thank my fellow Board Members for their unwavering support and for applying their highest professional standards in carrying out the business of the Board and in decision making.

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


Dr Cosmas Kimama
Chairman Hospital Board

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

6. Report of The Medical Superintendent

I am delighted to present the hospital's annual report and financial statements for the financial year 30th June 2024. The blessings and stewardship of the hospital board has steered us towards realising the objective set at the beginning of the financial period. HMT has been supportive and played a critical role in ensuring the hospital operational objectives were met despite the numerous challenges. The report highlights the hospitals operational and financial performance.

Operational Performance

As per the 2019 census the population of Karuri ward was **194,342**. The population has been growing tremendously at a rate of **2.87%** as a result of the influx of working-class people from Nairobi coming to look for cheaper and convenient accommodation in this township.

Workload was **88,876** however this was **12%** decline in the number of medical services offered compared to the previous financial year.

About **7%** of our client sought ANC services. This however translated to unfavourable conversion of ANC visits to deliveries of **5.4%**. Lack of a theatre and reliable ambulatory services were the major reason for the poor performance.

The higher workload in CWC of **18%** compared to about **1%** deliveries further illustrate that our clients preferred to deliver elsewhere.

General outpatient accounted to more than half of the workload with those seeking psychiatric services less than **1%** of the workload.

Financial Performance

In order to meet operations and maintenance costs, the hospital relies on internally generated revenue from either FIF or NHIF.

During the year, the hospital generated **Ksh 13,711,129** from NHIF and FIF and **Ksh 3,886,127** contribution in Kind from the County Government. The revenue generated was utilized to fund hospital expenditure totalling **Ksh 13,092,070**. The hospital had a funds utilization rate of **73%** and a surplus of **Ksh 4,505,186**.

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Annual Report and Financial Statements for The Year Ended 30th June 2024

Acknowledgement

On behalf of the Board, I would like to thank all our stakeholders especially the County Government of Kiambu and development partners for the support they continue to accord the hospital without which our achievements would not have been realized.

I also express my gratitude to Karuri Level IV hospital staff and departmental heads who take such pride in their work, and who exemplify our hospital's mission and values each day.

Mwangigearge

Dr Janet Ngethe

Secretary to the Board

Karuri Level 4 Hospital (County Government of Kiambu)
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7. Corporate Governance Statement

The members of the Board of Management who served during the year are as shown below

Dr Cosmas Kimama	Board Chairman
Evangelist Grace Wandithia	Board Member
Pastor Nicholas Njoroge Njenga	Board Member
Margaret Njeri Mbugua	Board Member
Ms. Alice Wanjiru Kariuki	Board Member
Dr Janet Ngethe	Medical Superintendent & Secretary to the Board

The Chairman, in conjunction with the Medical Superintendent, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting. In the year under review, the Board held a total of 4 meetings to introduce board members to the Hospital Management Team and Staff, approve the Annual Work plans and Annual Budget and to discuss pertinent issues relating to strategy, performance and sustainability of the Hospital.

Appointment and Removal of Board

The board members are appointed by County Executive Member for Health. Names of the appointed members and changes thereto are published in the Kenya Gazette. Board members may remove from office any member who;

- a) has been absent for 3 consecutive meetings without the chairman permission
- b) is adjudged bankrupt
- c) is unable to discharge his/her duties due to physical or mental capacity
- d) violates or is suspected of violating the provision of chapter 6 of the constitution
- e) is charged with a criminal offence in the court of law
- f) conflict of interest

Roles and Functions of Board

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Board of Management supported. The Board, through its committees provides strategic direction while the Medical Superintendent assisted by the Hospital Management Team is accountable to the Board for implementing the strategy. Board members are expected to be

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

responsible, prudent and skillful while carrying out their fiduciary duties on behalf of the Hospital. The roles and responsibilities of the Board include:

- a) Responsible for providing oversight over the administration and management of the Hospital. Promoting the development of the Hospital.
- b) Approving plans and programs for implementing county health strategies in the Hospital.
- c) Approving annual estimates of the Hospital before submission to the Executive member and
- d) Carrying out any other function and any other functions assigned by the Executive member in furtherance to the realization of the purpose of this act.

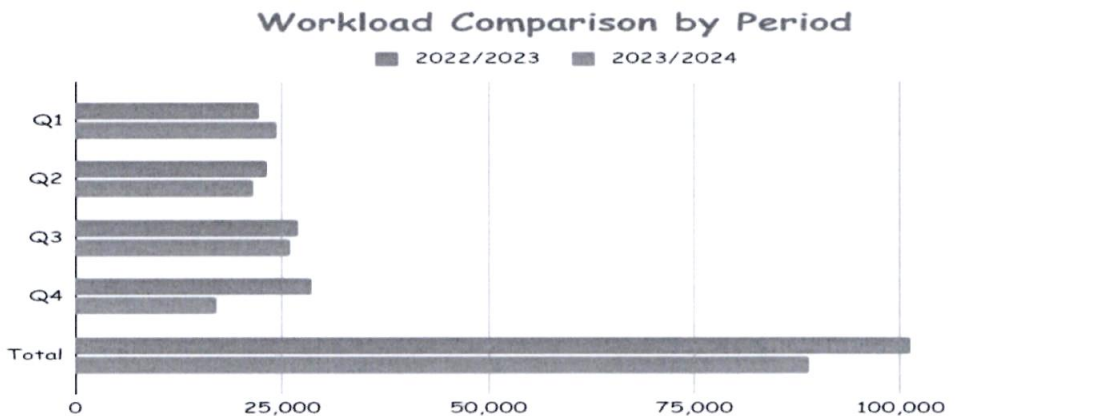
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8. Management Discussion and Analysis

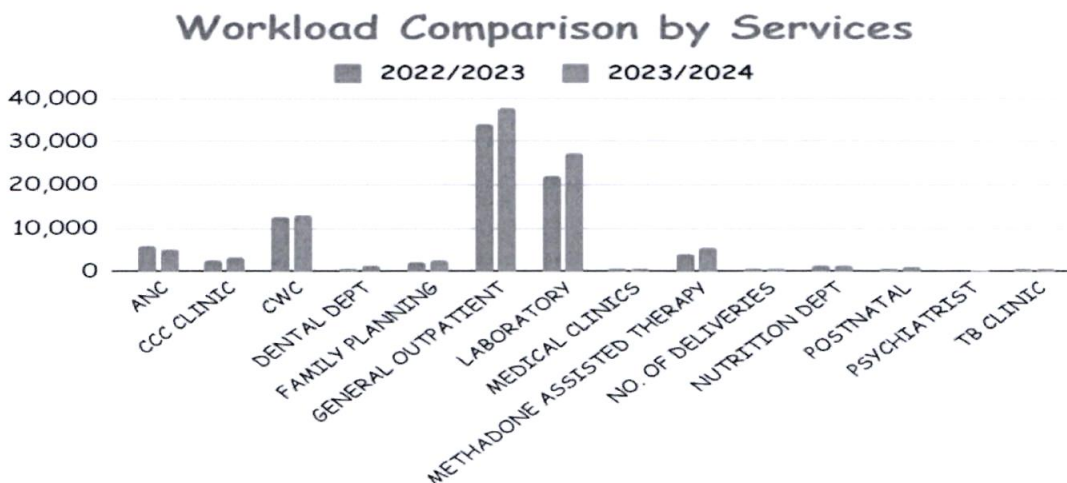
Operational Performance

The hospital strives to ensure that the health care services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance has continually been strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges including inadequate budgetary allocations and constrained workforce the patient attendance has continued to increase.

Compared to the previous financial year there was a **12%** decline in the number of clients seeking medical services as a result of health care worker’s strike.



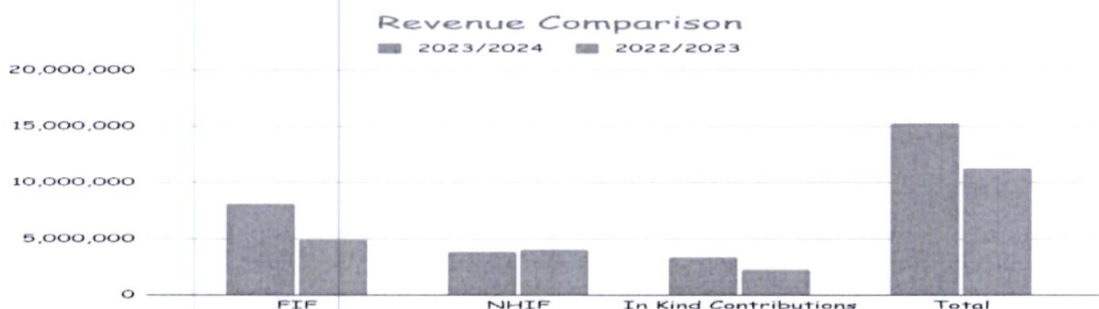
Laboratory and outpatient services accounted to more than **60%** of total workload during the year.



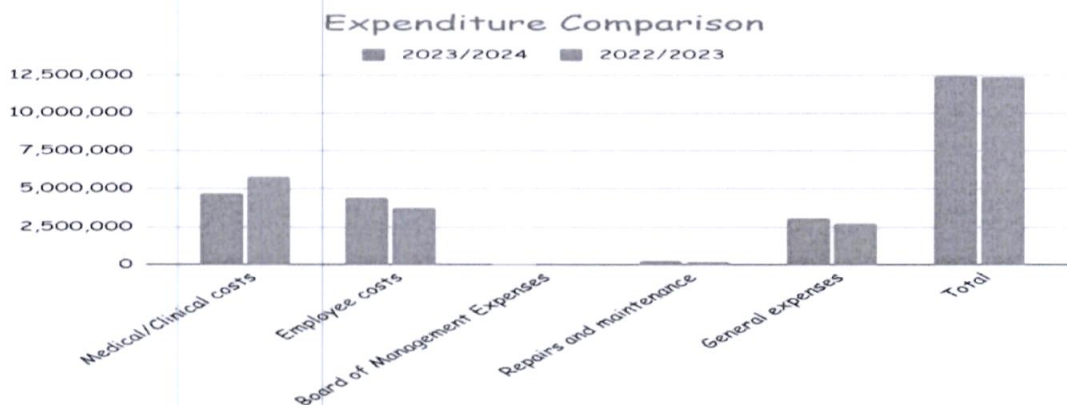
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Financial Performance

Revenue generated during the year increased by more than **48%** compared to the previous financial year. The revenues sources included FIF, NHIF and in-kind contributions from the county government amounting to **Ksh 8,125,499**, **Ksh 5,585,630** and **Ksh 3,886,127** respectively. FIF revenue accounted to about **48%** of total revenues.



The generated revenues financed the hospital expenditures totaling **Ksh 13,092,070** with a utilization rate of **73%**. More than **75%** of total expenditures was on medical and employee related costs.



Receivables from exchange transactions increased to **Ksh 6,586,116** from **Ksh 1,538,322**, whereas trade and other payables increased by **Ksh 886,099** to **Ksh 6,869,579**.

Mwangiganga

Dr Janet Ngethe
Medical Superintendent

9. Environmental And Sustainability Reporting

As a hospital, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of providing health services. We are committed to being transparent, candid and open about our activities and this report is a reflection of that commitment.

At Karuri Level IV Hospital, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits.

(i) Sustainability Strategy and Profile

Engaging with stakeholders informs our decision making, strengthens our relationships and helps us deliver our commitments and succeed in health care service delivery. In order to achieve these goals, we recognise that we must work in partnership with other interested stakeholders who share our commitment and have a stake in our business.

We actively engage with the County Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.

(ii) Environmental Performance

In our offices and clinical areas, we continue to encourage employees to help reduce energy consumption by switching off their computers and lights at the end of the day.

The hospital has planted trees to conserve soil, provide shade for parked vehicles and firewood for use in the kitchen. The trees have also created habitat for birds and other small animals.

In packaging of medicine, we are using environmentally friendly bags. In medical waste, we are also using bags which are clearly marked for clinical waste, bottles and left-over foods. Staffs are also provided with personal protective equipment.

(iii) Employee Welfare

Employees are encouraged and supported to continually build on their skills and knowledge through leadership, management and technical competency courses relevant to each employee.

(iv) Responsible Supply Chain and Supplier Relations

The Hospital has over 20 suppliers that supply good and services. When we engage multiple service providers for our operations and projects, our own reputation as service provider is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods offered.

(v) Corporate Social Responsibility / Community Engagements

The Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives. The initiatives are aimed at improving lives and enhance engagement with the public.

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

10. Report of The Board of Management

The Board of Management submits their report together with the unaudited financial statements for the year ended 30th June, 2024 which shows the state of the hospital financial affairs.

Principal Activities

The principal activities of the hospital are:

- a) To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care
- b) To provide facilities for medical education for various institutions and for research either directly or through other co-operating health institutions
- c) To provide facilities for education and training in nursing and other health and allied institutions
- d) To participate, as referral hospital within the sub county

Results

The results of the Hospital for the year ended 30th June, 2024 are set out from *page 1 to page 5*.

Board of Management

The members of the Board of Management who served during the year are shown under the corporate governance statement on *page xii*.

Auditors

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

By Order of the Board



Dr Janet Ngethe

Secretary to the Board

11. Statement of Board of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires the Directors to prepare quarterly financial statements in respect of that *Hospital*, which give a true and fair view of the state of affairs of the *Hospital* at the end of the period and the operating results of the *Hospital* for that period. The Directors are also required to ensure that the *Hospital* keeps proper accounting records that disclose with reasonable accuracy the financial position of the *Hospital*. The Directors are also responsible for safeguarding the assets of the *Hospital*.

The Board of Directors 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 of the end of the period ended on 30th June 2024. This responsibility includes:

- a) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- b) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Hospital*
- c) 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
- d) safeguarding the assets of the *Hospital*
- e) selecting and applying appropriate accounting policies, and
- f) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accepts responsibility for the *Hospital's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Board members are of the opinion that the *Hospital's* financial statements give a true and fair view of the state of the *Hospital's* transactions during the period ended 30th June 20224, and of the *Hospital's* financial position as at that date.

The Board members further confirm the completeness of the accounting records maintained for the *Hospital*, which have been relied upon in the preparation of the *Hospital's* financial statements

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

as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of Directors 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 12 DEC 2024 and signed on its behalf by:

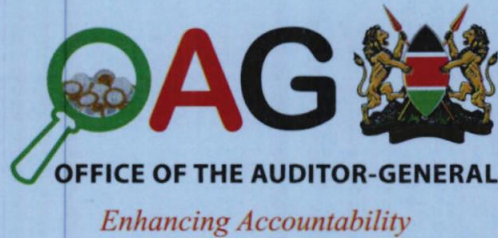


.....
Dr Cosmas Kimama
Chairman Hospital Board

.....
Dr Janet Ngethe
Accounting Officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karuri Level 4 Hospital – County Government of Kiambu set out on pages 1 to 15 which comprise the statement of financial position as at 30 June 2024 and the statement of financial performance, statement of

changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 30 June 2024 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 Karuri Level 4 Hospital – County Government of Kiambu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inconsistencies;

- i. The statement of financial performance includes in-kind contributions from the County Government totaling Kshs.3,886,127 as detailed in Note 5 of the financial statements. However, this amount includes an unsupported electricity utility bill of Kshs.1,242,716 and medical supplies valued at Kshs.2,643,411.
- ii. The statement of financial position reflects receivables from exchange transactions amounting to Kshs.6,586,116 as disclosed in Note 15 of the financial statements. However, the debtors' movement schedule and general ledgers were not provided for review.
- iii. The statement of financial performance reflects revenue from rendering of services amounting to Kshs.13,711,129 as disclosed in Note 7 of the financial statements. However, the support documents for revenue from rendering of services from pharmaceuticals, laboratory, accident and emergency service, dental services, reproductive health and other medical services ledgers totaling Kshs.8,125,499 were not provided for review.
- iv. The statements of financial position reflect an inventory balance of Kshs.1,823,454 as disclosed in Note 16 to the financial statements. However, the annual stock take was not conducted to confirm the closing balances of inventories as at 30 June, 2024. It is therefore not clear how the Hospital determined the inventory values disclosed in the financial statements.
- v. The statement of cash flows and statement of changes in net assets reflects variances between the prior year audited amounts and current year comparative amounts as shown below:

Item	Audited Financial Statements (Kshs.)	Comparative Balances 2023-2024 (Kshs.)	Variance (Kshs.)
Balance as at 1 July, 2022- (Statement of Changes in Net Assets)	1,317,691	1,318,691	1,000
Surplus / (Deficit) for the year (Statement of Changes in Net Assets)	1,162,402	1,161,402	1,000
Transfers from County Governments (Statement of Cash Flows)	3,105,312	325,712	2,779,600
Rendering of Services (Statement of Cash Flows)	12,503,269	15,282,869	2,779,600

- vi. The statement of comparative budget and actual amounts reflects nil balance relating to budgeted surplus for the period against a recalculated amount of Kshs.5,167,216 on budgeted surplus. No explanation was provided for this anomaly.

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

2. Anomalies in Payment of Electricity Expenses

The statement of financial performance reflects general expenses totalling Kshs.2,398,760 which as disclosed in Note 13 to the financial statements includes an amount of Kshs1,018,569 under electricity expenses. Examination of electricity payment vouchers revealed that the amounts paid did not tally with the bill due for payment as detailed below;

Payee	Cheque No	Amount Paid (Kshs.)	Bill Amount (Kshs.)
Kenya Power and Lighting Company	1168	100,000	74,229
Kenya Power and Lighting Company	1146	240,000	46,197
Kenya Power and Lighting Company	1138	100,000	218,397
Kenya Power and Lighting Company	899	124,720	114,588
Kenya power and Lighting Company	887	100,000	113,969
Kenya Power and Lighting Company	867	349,780	153,390

In the circumstances, the accuracy of electric expenses totalling Kshs.1,018,569 could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position and Note 14 to the financial statements reflects cash and cash equivalents balance of Kshs.485,102. However, variance were noted between actual cashbook balance and cashbook balance reflected in the reconciliation and overdrawn accounts as shown below;

Main Cashbook				
	Month	Reconciliation Amount (Kshs)	Cashbook Amount (Kshs)	Remarks
	Mar-24	(876,695)	(876,695)	Overdrawn cashbook
	June 2024	325,951	322,208	Variance of Kshs.3,743 between actual cashbook balance and cashbook balance shown on the reconciliation statement
No reconciliations for April and May 2024 were provided for audit review				
NHIF Cashbook				
	Month	Reconciliation Amount (Kshs)	Cashbook Amount (Kshs)	Remarks
	Jul-23	98,287	155,181	Variance of Kshs.56,894 between actual cashbook balance and cashbook balance shown on the reconciliation
	Jan-24	(57.00)	(57.00)	Overdrawn cashbook

In the circumstances, the accuracy of the cash and cash equivalents balance totalling Kshs.485,102 could not be confirmed.

4. Long Outstanding Payables

The statement of financial position and Note 17 to the financial statements reflects a balance of Kshs.6,869,579 for trade and other payables. During the year under review, the ageing analysis of trade payables provided revealed that there were payables to various suppliers that have been outstanding for over ninety (90) days totalling Kshs.5,983,480. It was not clear why the payments did not form first charge and remained outstanding.

In the circumstances, the Hospital is exposed to loss of funds through fines and penalties.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects actual expenditure of Kshs.13,092,070 against actual receipts of Kshs.17,597,256 resulting to an under expenditure of Kshs.4,505,186 or 26% of the actual receipts.

The underutilization affected the planned activities and may have impacted negatively on service delivery to the citizens of the Country.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Errors in Disclosure of Financial Information

Examination of the financial statements revealed the following anomalies;

- i. The statement of performance against predetermined objectives was missing from the financial statements.
- ii. The Hospital logo had not been placed on the face of the financial statements.
- iii. The notes shown on the statement of financial position and financial performance were not aligning to the Notes to the financial statements. Further, the ledger and trail balance to confirm reported balances were not provided for audit review.

In the circumstances, Management did not comply with Public Sector Accounting Standards Board Reporting Template.

2. Facility Check List Variances

The Kenya Quality Model for Health policy provides guidelines on personnel requirements, Services offered and Equipment's to be used by Level 4 Health Facilities. Its use is expected to contribute to attainment of the highest standards of health services delivery as envisaged in Article 43(1) of the Constitution of Kenya, 2010. Review of Karuri Level 4 Hospital noted that there were variances between the level 4 Hospital requirements as per checklist and what the Hospital had as highlighted in **Appendix 1**.

In the circumstances, the Hospital did not meet the requirements of a level 4 hospital.

3. Expired Drugs

The statement of financial position and Note 16 to the financial statements reflects inventory balance of Kshs.1,823,454. Included in this amount are expired drugs amounting to Kshs.64,378. It was not clear why the re-order times were not managed well to avoid the expiry and loss of public funds as the drugs could be used and had to be disposed.

In the circumstances, effective internal control on medical drugs could not be confirmed.

4. Irregular Medical Expenses

The statement of financial performance and Note 9 to the financial statements reflects medical and clinical cost totaling Kshs.5,959,150. However, examination of a sample of payment vouchers amounting to Kshs.2,919,863 revealed that the expenditure did not have user requisitions, the suppliers were not competitively identified and they were also not on the list of prequalified suppliers.

In the circumstances, the expenditure was irregular.

5. Unsupported Purchase of Gas

The statement of financial performance and Note 13 to the financial statements reflects and amount of Kshs.2,398,760 under general expenses. Review of payment vouchers revealed that the Hospital purchased gas from a Company at Kshs.59,817 and Kshs.36,100 was paid vide cheque no 1107/886 and 1108 respectively. However, the gas was not received in the store and there was no user requisition, distribution, contract and statement from the supplier provided for audit review.

In the circumstances, the expenditure was irregular.

6. Irregularities in Repairs and Maintenance Expenses

The statement of financial performance and Note 12 to the financial statements reflects an amount of Kshs.276,500 for repairs and maintenance. Review of payment vouchers revealed that expenditures relating to repairs and maintenance had no user requisitions to confirm the need for repairs amounting to Kshs.157,000 as shown below;

Date	Details	Cheque No.	Amount (Kshs)
15/10/2023	Maintenance of Building	895	17,000
11/04/2024	Maintenance of Building	1121	6,000
18/07/2024	Maintenance of Building	1147	4,000
06/01/2024	Maintenance of Building	1121	20,000
18/07/2023	Maintenance of Computers and Printers	1147	20,500
07/08/2023	Maintenance of Computers and Printers	833	3,500
15/10/2023	Maintenance of Medical Equipment	895	9,000
6/01/2024	Maintenance of Medical Equipment	1115	25,000
18/07/2024	Maintenance of Medical Equipment	1121	8,000
11/04/2024	Maintenance of Medical Equipment	1147	8,000
11/04/2024	Maintenance of Motor Vehicle	1121	12,000
18/07/2024	Maintenance of Lawn Mower	1147	12,000
07/08/2024	Maintenance of Building	833	12,000
Total			157,000

In the circumstances, the expenditure was irregular.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Serialized Payment Vouchers

The statement of financial performance reflects total expenditure of Kshs.13,092,070. However, during the audit it was noted that payment vouchers were not numbered and only the cheque number was indicated on the voucher.

In the circumstances, it was not possible to confirm existence of gaps in the reported expenditure.

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 the Management and Board of Management

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

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

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

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

The Board of Management is responsible for overseeing the Karuri Level 4 Hospital financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Appendices

Appendix 1 - Facility Checklist Variances

	Criteria	Level 4 Requirement	In place	Variance
1	Staffing Requirement			
	Total	101	12	-89
	Medical Officers	16	2	14
	Anesthesiologists	2	0	2
	General Surgeons	2	0	2
	Gynecologists	2	0	2
	Pediatricians	2	0	2
	Radiologists	2	0	2
	Registered Community Health Nurses	75	10	65
2	Services Offered			
	Renal/ Dialysis Services		X	
3	Bed Capacity	150	8	-142
4	Equipment & Machines			
	Incubators in the New Born Unit	5	1	-4
	HDU cots in the New Born Unit	5	0	-5
	Resuscitaire in theatre	1	0	-1
	Functional ICU Beds	6	0	-6
	HDU Beds	6	0	-6
	Renal units with dialysis machines	5	0	-5
	Functional operating theatres Maternity and General wards	2	0	-2
5	Ambulances		2	
6	Governance by Hospital Management teams			
	Regular meeting			
7	Policy Documents e.g. risk management policy		None	
8	Audit Committee & Internal Audit		None	

9	Asset Mgmt			
	Land Size	5 acres	2 acres	
	Fixed assets register		Not provided	
	Ownership documents		Not provided	
	Equipment in good service		√	
10	Store Management			
	Expired Drugs		√	
	Adequate Storage Space		√	
	FIFO Issuance of Drugs		√	

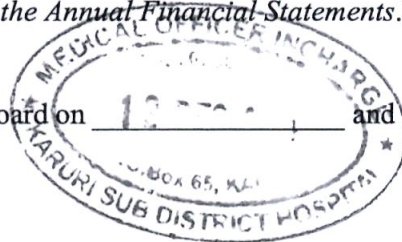
Karuri Level 4 Hospital (County Government of Kiambu)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Year	Year
		Ended 30th June 2024	Ended 30th June 2023
		Kshs	Kshs
Revenue from Non exchange transactions			
In- kind contributions from the County Government	5	3,886,127	2,207,195
Public contributions and donations	6	0	56,000
Revenue from Non exchange transactions		3,886,127	2,263,195
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	13,711,129	8,992,571
Miscellaneous Income	8	0	700
Revenue from exchange transactions		13,711,129	8,993,271
Total revenue		17,597,256	11,256,466
Expenses			
Medical/Clinical costs	9	5,959,150	5,762,661
Employee costs	10	4,426,160	3,712,930
Board of Management Expenses	11	31,500	28,500
Repairs and maintenance	12	276,500	185,000
General expenses	13	2,398,760	2,729,777
Total expenses		13,092,070	12,418,868
Net Surplus / (Deficit) for the year		4,505,186	(1,162,402)

(The notes set out on pages 6 to 15 form an integral part of the Annual Financial Statements.)

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



[Handwritten signature]

Chairman
Hospital Board

[Handwritten signature]

Head of Finance
ICPAK No:

[Handwritten signature]

Medical Superintendent

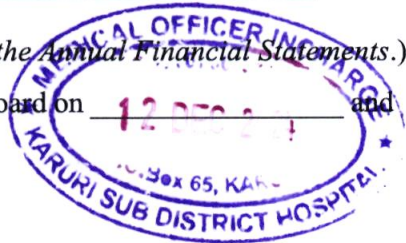
Karuri Level 4 Hospital (County Government of Kiambu)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	Year Ended 30th June 2024	Year Ended 30th June 2023
		Kshs	Kshs
Assets			
Current Assets			
Cash And Cash Equivalents	14	485,102	201,944
Receivables From Exchange Transactions	15	6,586,116	1,578,322
Inventories	16	1,823,454	1,723,121
Total Current Assets		8,894,672	3,503,387
Total Assets (A)		8,894,672	3,503,387
Liabilities			
Current Liabilities			
Trade And Other Payables	17	6,869,579	5,983,480
Total Current Liabilities		6,869,579	5,983,480
Total Liabilities (B)		6,869,579	5,983,480
Net Assets (A-B)		2,025,093	(2,480,093)
Represented By:			
Accumulated Surplus/Deficit		2,025,093	(2,480,093)
Net Assets		2,025,093	(2,480,093)

(The notes set out on pages 6 to 15 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 12.06.2024 and signed on its behalf by:






Chairman

Hospital Board



Head of Finance

ICPAK No:



Medical Superintendent

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

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

	Retained Earnings	Total
At July 1, 2022	(1,317,691)	(1,317,691)
Surplus/(Deficit) For the Year	(1,162,402)	(1,162,402)
At June 30, 2023	(2,480,093)	(2,480,093)
At July 1, 2023	(2,480,093)	(2,480,093)
Surplus/(Deficit) For the Year	4,505,186	4,505,186
At June 30, 2024	2,025,093	2,025,093

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

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

Description	Note	Year	Year
		Ended 30th June 2024	Ended 30th June 2023
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Transfers From the County Government		0	325,712
Rendering Of Services- Medical Service Income		10,342,990	15,282,869
Miscellaneous Receipts (Specify)		0	700
Total Receipts		10,342,990	15,609,281
Payments			
Medical/Clinical Costs		2,813,248	2,343,363
Employee Costs		3,856,095	6,463,520
Board Of Management Expenses		0	30,000
Repairs And Maintenance		228,200	140,000
General Expenses		1,422,301	2,334,099
Transfers		1,739,988	4,814,360
Total Payments		10,059,832	16,125,342
Net Cash Flows from Operating Activities	18	283,158	(516,061)
Net Increase/(Decrease) In Cash and Cash Equivalents		283,158	(516,061)
Cash And Cash Equivalents as at 1 July 2023	14	201,944	718,005
Cash And Cash Equivalents as at 30th June 2024	14	485,102	201,944

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

17. Statement of Comparative Budget and Actual Amounts for Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual Cumulative to date	% of utilization
	a	b	c=(454Y)	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
In- Kind Contributions from The County Government	2,400,000	1,422,716	3,822,716	3,886,127	102%
Rendering Of Services- Medical Service Income	14,048,186		14,048,186	13,711,129	98%
Total Income	16,448,186	1,422,716	17,870,902	17,597,256	
Expenses					
Medical/Clinical Costs	7,222,313	(1,400,000)	5,822,313	5,959,150	102%
Employee Costs	4,412,000		4,412,000	4,426,160	100%
Remuneration Of Directors	126,000	(94,500)	31,500	31,500	100%
Repairs And Maintenance	345,000	(50,000)	295,000	276,500	94%
General Expenses	3,142,873		3,142,873	2,398,760	76%
Capital Expenditures	1,200,000	(1,200,000)	0	0	
Total Expenditure	16,448,186	(2,744,500)	13,703,686	13,092,070	
Surplus For the Period	0	0	0	4,505,186	

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

18. Notes to the Financial Statements

1. General Information

Karuri Level IV Hospital is established by and derives its authority and accountability from Public Health Act. The Hospital is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The Hospital's principal activity is the provision of healthcare services.

2. Statement Of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the 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. Summary of Significant Accounting Policies

a) Revenue recognition

The Hospital recognizes revenue from the rendering of services on either accrual or cash basis for NHIF and FIF respectively. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

The original budget for FY 2023/2024 was approved by the Board on 28th June 2023. Subsequent revisions or additional appropriations have been made to the approved budget to reflect the changing revenue and expenditure trends.

The Hospital's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) 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.

d) Related parties

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

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

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the 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 an insignificant risk of changes in value. Bank account balances include amounts held 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

f) Comparative figures

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

g) 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 30th, 2024.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

5. In Kind Contributions from The County Government

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Utility Bill (Electricity)	1,242,716	0
Medical Supplies-Drawings Rights (KEMSA)	2,643,411	1,214,982
Pharmaceuticals And Non-Pharmaceutical Supplies (Other Suppliers)	0	992,213
Total Grants in Kind	3,886,127	2,207,195

6. Public Contributions and Donations

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Public donations	0	56,000
Total Donations and Sponsorships	0	56,000

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

7. Rendering of Services-Medical Service Income

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Pharmaceuticals	2,181,437	1,330,410
Laboratory	2,131,227	1,299,788
Accident And Emergency Service	2,734,396	1,667,647
Nutrition Service	18,064	11,017
Dental Services	155,056	94,565
NHIF	5,585,630	4,051,412
Reproductive Health	428,479	261,320
Other Medical Services Income (Specify)	476,840	276,412
Total Revenue from The Rendering of Services	13,711,129	8,992,571

8. Miscellaneous Income

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Write Backs (Deposits, Payments in Advance Etc.)	0	700
Total Miscellaneous Income	0	700

9. Medical/ Clinical Costs

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Dental Costs/ Materials	68,200	77,700
Laboratory Chemicals and Reagents	1,583,463	525,664
Food And Ration	114,758	445,316
Dressing And Non-Pharmaceuticals	1,211,972	2,341,470
Pharmaceutical Supplies	2,837,311	2,309,791
Publishing and Printing	69,700	0
Sanitary and Cleaning Materials	73,746	62,720
Total Medical/ Clinical Costs	5,959,150	5,762,661

10. Employee Costs

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Salaries, Wages, And Allowances	3,887,570	3,482,880
Contributions To Pension Schemes	315,360	100,800
Staff Medical Expenses and Insurance Cover	107,850	129,250
Housing Levy	115,380	0

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

11. Board of Management Expenses

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Sitting Allowance	16,500	16,000
Meal Allowance	3,000	2,500
Transport	12,000	10,000
Total Board of Management Expenses	31,500	28,500

12. Repairs And Maintenance

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Maintenance of Buildings & Station	59,000	7,500
Maintenance of Computers & Printers	32,500	10,000
Maintenance of Motor Vehicle	12,000	0
Maintenance of Lawn Mower	12,000	0
Maintenance of Medical Equipment's	50,000	0
Maintenance of Borehole	62,700	167,500
Maintenance of Generator	48,300	0
Total Repairs and Maintenance	276,500	185,000

13. General Expenses

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	Kshs	Kshs
Catering Expenses	56,000	20,000
Contracted Services	840,000	840,000
Bank Charges	27,128	25,977
Electricity Expenses	1,018,569	1,440,000
Water & Sewerage	177,710	0
Fuel And Lubricants	113,295	212,700
Travel And Accommodation Allowance	0	9,000
Courier And Postal Services	18,900	18,900
General Office Supplies	63,158	109,700
Telephone And Mobile Phone Services	48,000	30,000
Internet Expenses	36,000	23,500
Total General Expenses	2,398,760	2,729,777

14. Cash And Cash Equivalents

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Current Accounts	485,102	101,944
Cash In Hand	0	100,000
Total Cash and Cash Equivalents	485,102	201,944

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

Detailed Analysis of Cash and Cash Equivalents

Description		Year Ended 30th June 2024	Year Ended 30th June 2023
Financial institution	Account number	KShs	KShs
a) Current account			
KCB Bank Operations Account	1157720137	322,203	100,333
KCB Bank Revenue Account	1256254940	162,899	1,611
Sub- Total		488,850	101,944
b) Others(specify)			
Cash In Hand		0	100,000
Sub- Total		0	100,000
Grand Total		485,102	201,944

15. Receivables From Exchange Transactions

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Medical Services Receivables (FIF Fund Account)	2,231,450	984,272
Medical Services Receivables (NHIF)	4,354,666	594,050
Less: Impairment Allowance	0	0
Total Receivables	6,586,116	1,578,322

16. Inventories

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Pharmaceutical Supplies	594,415	561,493
Non-Pharmaceutical Supplies	546,379	516,117
Laboratory Reagents	139,862	132,116
Food Supplies	149,453	141,175
Linen And Clothing Supplies	203,800	192,512
Cleaning Materials Supplies	122,312	115,537
General Supplies	67,233	64,171
Less: Provision For Impairment of Stocks	0	0
Total Inventories	1,823,454	1,723,121

17. Trade And Other Payables

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Trade Payables	6,283,064	5,967,030
Employee Dues	547,185	0
Third-Party Payments (E.G. Unremitted Payroll Deductions)	39,330	16,450
Total Trade and Other Payables	6,869,579	5,983,480

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

Aging Analysis of Trade and other Payables

Description	Year Ended 30th June 2024		Year Ended 30th June 2023	
	Kshs		Kshs	
Ageing analysis:	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	886,099	13%	3,293,516	55%
1-2 years	3,293,516	48%	2,057,970	34%
2-3 years	2,689,964	39%	631,994	11%
Total	6,869,579	100%	5,983,480	100%

18. Cash Generated from Operations

Surplus for the year before tax	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Adjusted For:	4,505,186	(1,162,402)
Working Capital Adjustments		
Increase In Inventory	(100,333)	(251,830)
Increase In Receivables	(5,007,794)	2,076,010
Increase In Payables	886,099	(1,177,809)
Net Cash Flow from Operating Activities	283,158	(516,031)

19. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The entity's financial risk management objectives and policies are detailed below:

i) Liquidity risk management

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.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	120,000	1,024,000	4,511,060	5,655,060
Employee Benefit Obligation	0	0	0	0
Total	120,000	1,024,000	4,511,060	5,655,060
At 30 June 2024				0
Trade Payables	57,950	202,610	6,022,504	6,283,064
Employee Benefit Obligation	8,730	577,785	0	586,515
Total	66,680	780,395	6,022,504	6,869,579

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

ii) Capital Risk Management

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

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Retained Earnings	2,025,093	(2,151,673)
Total Funds	2,025,093	(2,151,673)
Less: Cash And Bank Balances	485,102	201,944
Net Debt/ (Excess Cash and Cash Equivalents)	485,102	201,944
Gearing	0.24	(0.09)

20. Related Party Balances

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

- a) The National Government
- b) The County Government
- c) The Board of Directors
- d) Key Management

Description	Year Ended 30th June 2024	Year Ended 30th June 2023
	KShs	KShs
Transactions With Related Parties		
Grants From the Government		
Grants From County Government	3,886,127	2,207,195
Total	3,886,127	2,207,195
Key Management Compensation		
Directors' Emoluments	31,500	28,500
Total	31,500	28,500
Total	3,917,627	2,235,695

21. Events after the Reporting Period

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

22. Ultimate and Holding Entity

The Hospital is a Semi-Autonomous Government Agency under the Department of Health Services in Kiambu County. Its ultimate parent is the Government of Kenya.

23. Currency

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

Appendix I: Progress on Follow Up of Auditor Recommendations

Karuri Level 4 Hospital (County Government of Kiambu)
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The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for the FY 2021/2022 audit.

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.

S/No	Issue	Observations From Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe (Put A Date When You Expect the Issue to Be Resolved)																								
1	Inaccuracies in the Financial Statements	<p>Comparison of the statement of financial performance and the statement of comparison of budget and actuals revealed unexplained differences as detailed below</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Statement of Financial Performance (Ksh)</th> <th>Statement of Comparison of Budget and Actuals (Ksh)</th> <th>Variance (Ksh)</th> </tr> </thead> <tbody> <tr> <td>Other Income NHIF</td> <td>4,360,015</td> <td>3,600,000</td> <td>1,030,015</td> </tr> <tr> <td>Transfer from other Government entities</td> <td>0</td> <td>4,200,000</td> <td>(4,200,000)</td> </tr> <tr> <td>Employee Costs</td> <td>3,437,400</td> <td>0</td> <td>3,437,400</td> </tr> <tr> <td>Repairs and Maintenance</td> <td>278,400</td> <td>0</td> <td>278,400</td> </tr> <tr> <td>General Expenses</td> <td>1,460,229</td> <td>0</td> <td>1,460,229</td> </tr> </tbody> </table> <p>Statement of financial position reflects an unexplained amount of negative Ksh 2,276,819 that was used as a balancing amount</p>	Particulars	Statement of Financial Performance (Ksh)	Statement of Comparison of Budget and Actuals (Ksh)	Variance (Ksh)	Other Income NHIF	4,360,015	3,600,000	1,030,015	Transfer from other Government entities	0	4,200,000	(4,200,000)	Employee Costs	3,437,400	0	3,437,400	Repairs and Maintenance	278,400	0	278,400	General Expenses	1,460,229	0	1,460,229	The errors and inaccuracies have been rectified in the amended financial report. (Refer to page no 1 and 2)	Resolved	Immediately
Particulars	Statement of Financial Performance (Ksh)	Statement of Comparison of Budget and Actuals (Ksh)	Variance (Ksh)																										
Other Income NHIF	4,360,015	3,600,000	1,030,015																										
Transfer from other Government entities	0	4,200,000	(4,200,000)																										
Employee Costs	3,437,400	0	3,437,400																										
Repairs and Maintenance	278,400	0	278,400																										
General Expenses	1,460,229	0	1,460,229																										
2	Unsupported Expenditures	The statement of financial performance reflects employee and repairs & maintenance cost of Ksh 3,437,400 and Ksh 278,400 respectively. However, the supporting schedule reflected amount of Ksh 3,234,300 and Ksh Nil for the two items respectively resulting to unexplained variances of Ksh 203,100 and Ksh 278,400 respectively.	The amended financial report has rectified the issue and support schedules in the notes to (note no 8 and 11 page 9) the accounts give details of payments.	Resolved	Immediately																								
3	Non-Compliance with Public Sector Accounting Standard Board Reporting Template	<p>The independent auditors physical address on page vi is reflected as institute way instead of university way.</p> <p>The statement of board of management responsibilities on page xv is not signed.</p> <p>Head of finance ICPAK no. is not reflected in the financial statements.</p> <p>The balances reported in the statement of cash flows are not referenced by of notes to the financial statements.</p> <p>The surplus for the year is not reflected in the statement of changes in net assets.</p>	<p>The amended financial report has rectified the errors and omissions.</p> <p>The head of financial during the period under review had not acquired the ICPAK number.</p>	Resolved	Immediately																								
4	Lack of Risk Management Policy	During the financial year audited, it was noted that the Management had not developed a risk management policy for the hospital and no formal risk assessments were done during the financial year audited.	The hospital does not have the capacity to develop a risk management policy, however the county internal audit department conduct risk-based reviews and the recommendations are acted upon by management	Unresolved	Undefined																								

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

S/No	Issue	Observations From Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe (Put A Date When You Expect the Issue to Be Resolved)
5	Lack of Policy Documents	During audit verification of Karuri Level 4 Hospital, it was noted that the entity did not have crucial institutional policies, manuals and documents on key functional areas: i. Human Resource Policy and Procedures Manual – Not developed ii. Finance and Accounting Manual – Not developed. iii. Assets Management Policy – Not developed. iv. Transport Management Policy – Not developed. v. IT Policy Not developed vi. Disaster Recovery Plan – Not Developed vii. Backup and Retention strategy – Not developed	The hospital lacks the capacity to develop Information Technology Policy, Human Resource Policy, Finance Policy, Asset Management Policy, Transport Management Policy, however the hospital intends to adopt policies used at the county level and customize them to fit the hospital setting.	Unresolved	Undefined
6	Non-Maintenance of Cash Books	Records provided for audit indicated that the hospital did not maintain cashbooks and did not prepare monthly bank reconciliations for the Mpesa cooperative collection account and KCB NHIF collections account.	Preparation of the amended financial report necessitated preparation of cashbooks for operation and NHIF accounts and subsequently reconciliations on monthly basis. However, the Mpesa Co-operative Collection account is not in direct control of the hospital management, however bank statement provided are used to prepare schedules which are reconciled against collections as per hospital pay and CHIS and variances noted for management action.	Resolved	Routinely

Mwangi George

Dr Janet Ngethe
Accounting Officer

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

Appendix II: Inter-Entity Confirmation Letter


Name of Transferring entity.....KIAMBU COUNTY HEALTH FUND ACCOUNT

Name of Beneficiary entity.....KARURI LEVEL 4 HOSPITAL....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1	25/09/2023	1,240,048	0	1,240,048	
2	12/01/2024	1,775,138	0	1,775,138	
3	19/04/2024	2,640,490	0	2,640,490	
4	12/06/2024	2,862,300	0	2,862,300	
Total		8,517,976	0	8,517,976	

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

Head of Accounts Department - Disbursing Entity:

Name David Kinuthia Sign  Date 12/12/2024