

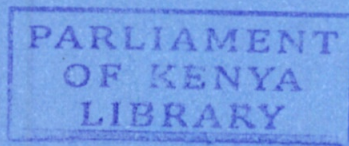
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**



**OF**

25/09/24  
15W/L  
Angela

**THE AUDITOR-GENERAL**

**ON**

**LARI LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KIAMBU**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 20154 - 00100, NAIROBI  
REGISTRY

30 MAY 2024

RECEIVED



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## **LARI LEVEL 4 HOSPITAL (Kiambu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
SCCO	sub county clinical officer
SCPHO	sub county public health officer
SCPHN	sub county public health Nurse
SCMLT	Sub county medical lab technology
HAO	health administrative officer
NCD	non communicable diseases
MOPC	medical out patient clinic
GOPC	Gynaecological out patient clinic
CCC	Comprehensive care clinic
HTS	hiv testing services
HRIO	Health records information officer.

## 2. Key Entity Information and Management

### (a) Background information

Lari level 4 Hospital is a level (4) hospital established under gazette notice number 13618 and is domiciled in Kiambu County under the Health Department.

The hospital is governed by a Board of Management

### (b) Principal Activities

The principal activity/mission/ mandate of the Lari level 4 Hospital is to provide quality, timely and effective health care services to the residents of Lari sub-county

**Mission:** To offer patients best care in an environment of trust and professionalism.

**Vision:** Quality Service provision while raising the standards.

### Core function

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

### (c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

**(d) Fiduciary Management**

The key management personnel who held office during the period ended 30 June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Joseph muriithi kathare</b>
2.	Head of finance	<b>Rahab Njeri Njuguna</b>
3.	Head of supply chain	<b>Evans kabaka muiruri</b>
4.	Nursing service manager	<b>James mbugua mukuruma</b>
5.	Sub-county medical lab technologist	<b>Loise Wangui Gikonyo</b>
6.	Sub-county clinical officer	<b>Moses kiprotich</b>
7.	Sub-county Nutritionist	<b>Milka Waceke</b>
8.	Sub-county public health officer	<b>James yatich</b>
9.	Sub-county disease surveillance	<b>Moses Thuo</b>
10.	Public health nurse	<b>John Irari</b>
11.	Facility pharmacist	<b>Dr. Samuael maina</b>
12.	Health Promotions Officer	<b>Lucy Kahari</b>
13.	Health Records Officer	<b>Peter Gatu</b>
14.	Obsy /Gyne consultant	<b>Dr. priscilla Wanjohi</b>
15.	Non communicable diseases clinic	<b>Dr. Koome Daniel</b>
16.	Coho(dental)	<b>Victoria Nthenya</b>
17.	Paediatrician consultant	<b>Dr. kagunda</b>
18.	Health administrative Officer	<b>Naomi Ndungu</b>

(e) **Fiduciary Oversight Arrangements**

- **Mortality audit committee**

This committee investigates on any death during deliveries in the facility or in any other facility both private and public within the sub-county. The committee is chaired by sub county medical officer and the Secretary is Sub county public health nurse.

Sub county medical lab technologist, and Sub county clinical officer are all members All facilities are required to report any and all mortalities that occurred in their facilities. Once this is done, the committee is alerted and mobilised to visit the reporting facility and hold an audit on the occurrences and then prepare a report is forwarded to county epidemiologist.

- **Finance committee**

This confirms the budget and evaluates the financial status of the facility against its needs .This is done through a series of meetings held prior to every board meeting where they present their report to the board members. 1 health board member

- Medical Superintendent
- Accountant
- Procurement

- **Invention prevention committee**

This committee responds fast in case of any outbreak and advices on the right measures

**Quality of care sub committee**

The committee participates alongside Health management team in an annual review of services, assessment of needs and setting of priorities for the hospitals as well as discussing complaints from patients and ensuring patient satisfaction by forwarding reports to the Hospital board and to the Health management team

- 1 Health board member
- Medical Officer
- Nursing Officer In-Charge

- Public Health Officer

- **Rapid response committee(covid)-**

This committee consists of Sub-county medical officer, Sub-county disease surveillance, Sub-county clinical officer, Sub-county medical lab technologist, Health promotion officer, Sub-county health promotion officer and Sub-county health records officer. The committee receives alerts on covid-19 suspected cases as well as adverse reactions following immunization and facilitates the administration of covid 19 vaccine. The committee also facilitates transfer of patients needing hospital isolation and provides oversight over homebased care and isolation.

- **Sub-county commodity security**

Comprises of, Subcounty medical lab technologist, Subcounty public health nurse Subcounty medical officer of health, Sub-county health records , sub-county nutrition, subcounty public health officer, Procurement officer and Sub-county clinical officer. Checks the quality of commodities for use in the facility and the sub-county and ensures no stockouts by constant monitoring of departments.

- **committee**

The committee checks th

**Inspection and acceptance** e quality of items supplied in the facility as per the specifications on requisition. Comprises of Sobcounty clinical officer, Subcounty public health officer, Technical department, Nursing service manager, Procurement officer.

**Key Entity Information and Management (continued)**

**(c) Entity Headquarters**

P.O. Box 237 matathia  
Lari Level 4 Hospital  
Nairobi -Naivasha /Highway  
Lari Kenya

**(d) Entity Contacts**

Telephone: (+254) 0724078828  
E-mail: dmohlari@gmail.com.  
Website: www.kiambu.go.ke

**(e) Entity Bankers**

Operations account  
Lari sub-district hospital  
Kcb Limuru  
Acc.N0.1157607691

**2 Nhif Acc.**

Lari level 4 nhif collection account  
Kcb Limuru  
Ac.no 1266695311

**3 Revenue account**

Lari level 4 Hospital Revenue account  
Family Bank Thika  
Acc.no.00100053766

**(f) Independent Auditors**

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


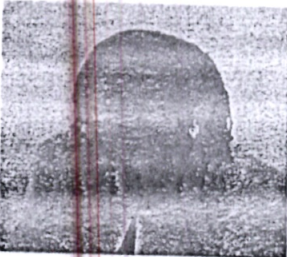

**(g) Principal Legal Adviser**

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



**(h) County Attorney**

P.O. Box. 2344  
Kiambu, Kenya






3.The Board of Management







Ref	Directors	Details
1.	<p>Dr. Mungai Mbugua Kahangara</p> 	<p>Date of birth-22 June 1955                      Dental Surgeon                      Work Experience-4 Years As Dental Surgeon With Government Hospitals                      From 1983 To Date –Own Dental Clinic                      2013-2017-Tigoni Hospital Board Chairman</p>
2.	<p>Hannah Wanjiku Njoroge</p> 	<p>Date of birth-5<sup>th</sup> April 1967                      -Health systems manager                      -1989-2011 worked in various institutions as in charge of patient bookings                      -Currently director of St .Anns medical centre Nairobi                      -committee chairing-Quality of Health care services</p>
3.	<p>George Tharao Ngure</p> 	<p>-Date of birthd-1952                      -Human Resource Director Clean- Shelf                      -Work experience -1973-1980 supervisor kenya breweries                      -committee chair-finance&amp; General purpose committee</p>
4.	<p>Joseph Waweru Wanjiku</p>	<p>-Date of birth..3<sup>rd</sup> Dec 1980                      -Reverend In Ack Church</p>

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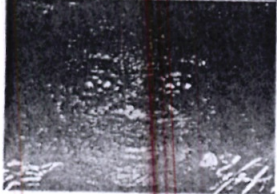




		
5.	 Dr. Joseph Murithi	Med Sup -Accounting officer in the facility -In-charge of the facility and all sub-county facilities both private and government

#### 4.Key Management Team

Management	Details
 <p>Dr. Joseph Murithi Kathare</p>	<p>Medical superintendent</p> <ul style="list-style-type: none"> <li>-Administration of the Hospital</li> <li>-Accounting officer</li> </ul> <p>In-charge of all facilities in Lari sub-county</p>
 <p>Naomi Wanjiku Ndungu</p>	<p>Health administrative Officer</p> <p>In-charge of administration</p>
 <p>John Ngugi Irari</p>	<p>Sub-county public Health Nurse)</p> <p>In-charge of sub-county Nurses</p> <ul style="list-style-type: none"> <li>-Deployment of nurses within sub-county</li> <li>-Issuing of vaccines to facilities in the sub-county both private and government.</li> </ul>
 <p>James Mbugua Mukuruma</p>	<p>Nursing service manager (in charge of facility nurses</p> <ul style="list-style-type: none"> <li>-organising theatre nurses duties</li> <li>-duty allocation of nurses</li> </ul>
 <p>Moses kiprotich</p>	<p>Sub county clinical officer(in-charge of clinical officers in sub-county</p> <ul style="list-style-type: none"> <li>-Consultation services to patients</li> <li>-Duty allocation for Clinical Officers</li> </ul>

 <p>James Yatich Kibichii</p>	<p>Sub county public health officer( in-charge of public health in sub-county Checking of upcoming constructions on adherences to health requirement</p>
 <p>Peter Gatu</p>	<p>Sub county health records information officer (in-charge of records -Monthly reports for both private and govt. facilities</p>
 <p>Dr. Koome Daniel Kinyua</p>	<p>Medical Officer Consultation In Ncd Clinic(Non-communicable diseases) Reviewing of patients -conducting operations</p>
 <p>Dr. Samuel Maina Kamau</p>	<p>Pharmacist (in-charge if facility pharmacy) Dispensing drugs</p>
 <p>Loise Wangui Gikonyo</p>	<p>Sub county medical lab technologist (In-charge of laboratory services in sub-county -Conducting lab tests -Monthly reports of all facilities both private and public.</p>
 <p>Dr. Priscilla Wanjohi</p>	<p>Obsy/gyne consultant In-charge of major operations that need gynaecological consultation.</p>

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 <p>Lucy Njeri Kahari</p>	<p>Sub county Health Promotion Officer (Training Within Sub county organising continuous medical training seminars.</p>
 <p>Milka Waceke Kamau</p>	<p>Sub county nutritionist Counselling to Nursing mothers Counselling to ccc patient on healthy feeding</p>
 <p>Victoria Nthenya Mutia</p>	<p>Community oral health officer -Teeth extraction, -general oral health</p>
 <p>Rahab Njeri Njuguna</p>	<p>Accountant -Expenditure and revenue Monthly reports, quarterly Annual reports, bank reconciliation -preparation of vouchers, writing cheques, imprest management -</p>
 <p>Evans Kabaka</p>	<p>Procurement officer Writing Local Purchase Order , service orders ,s13, -Issuing items from stores -floating quotations -</p>
 <p>Moses Thuo Kamau</p>	<p>Sub county disease surveillance(malaria control and Reporting and follow-up of any disease outbreaks/prevention</p>



-Dr. Edith Kagunda

Consultant Paediatric

Conducts clinics for children and offers  
consultation services for children with  
all ailments

## **2. Chairman's Statement**

The Lari level 4 hospital board was appointed under gazette notice no. 3616, dated 16<sup>th</sup> April 2021. The members are:

1. **(Dr) Mungai Mbugua Kahangara - Chairman**
2. **Rev. Joseph Waweru Wanjiku - Member**
3. **George Tharao Ngure - Member**
4. **Hannah Wanjiku Njoroge - Member**
5. **Loise Ndung'u - Member**
6. **Dr. Joseph murithi kathare - Secretary**

The first board meeting which happened to be an introductory meeting, chaired by the County Director Administration and Planning was held on 8<sup>th</sup> July 2021. The board's main objective has been to provide oversight over the general administration of the hospital, promote development of the hospital, recommend to the executive member plans and programs for implementation and also recommend budget estimates to the executive member.

Over the last two years, the facility has grown and gained a lot of trust from the Lari community members towards service provision especially with the facility being a sub county referral facility with the only public hospital theatre available in the sub county. Our main objective has been for the theatre to initially function 5 days a week from 8am-5pm. and workload has increased since we received a resident Gynecologist/Obstetrician, paediatrics one medical officer. The Specialists team is working hard to ensure our patients are well treated and this is in accordance to the proper functionality of a level 4 hospital. One of the other priorities has been to try and clear our pending bills especially the causal wages. This initiative was however stalled by lack of an efficient and committed procurement officer and after much lobbying, we received a replacement and I am pleased to say that we are up to date with casual workers/ support staff wages. This is majorly attributed to the FIF act (2019) which has ensured that there is streamlined disbursement of funds to our facility.

Currently, our biggest challenge has been bed capacity meaning that the only inpatient care being provided as our facility is maternity care. This is quite contrary to what a level 4 hospital should offer in terms of inpatient services. There is great need to expand and diversify the services being offered at this facility. The county has shown promise with the project of a ward building which was launched in 2015 but we have seen work in Progress for the same building. The Building can host surgical wards, Medical wards, Maternity, Theatre and Pediatrics wards.

The other challenge has been staff shortage where several members of staff either resigned or retired, others going for study leave without replacement. The board will also lobby with Kiambu County Government to have additional specialists e.g. Orthopaedics, General surgeons (due to RTA experienced in Nakuru Highway), Physician (due to the cold weather in the region) so that the new upcoming building can accommodate them.

We are pleased to have a new member of the board Loise Ndung'u who have been appointed to replace Wilson Gachagwi who has never attended a board meeting and its in accordance with the health services act.

The facility has a dental clinic which is well equipped but lack provision of a dentist thus limiting the variety and number of procedures offered in a department that holds a lot of potential.

A well Functioning Health Sector in Lari sub-county will translate to a healthy workforce and consequently increased productivity .I therefore request the county government to promptly support Lari with adequate Human resource in order to continue serving the community.

We look forward to ensuring that Lari level 4 is a proper functional level 4 facility as per universal Health coverage requirements.

Yours sincerely,



**DR. MUNGAI. M. KAHANGARA**

**BOARD CHAIR**

**LARI LEVEL 4 HOSPITAL**

## **6.0 Report of The Medical Superintendent**

### **Non-Financial Report**

The facility has improved services within the year. There has been special clinics going on as follows:

1. Non-communicable diseases
2. Gynaecological clinic
3. Paediatric clinic
4. Psychiatric clinic
5. Diabetics and blood pressure
6. Tuberculosis clinic
7. Skin Clinic
8. Dental clinic

Orthopaedic clinic had started but stopped running when the staff was transferred to another hospital the clients who had started their clinics in the facility were disrupted.

The hospital has acquired an autoclave which has improved sterilization for theatre instruments.

The community also donated a blood pressure machine.

The county is working on completing the New wards in progress which will increase the bed capacity and increase revenue.

The facility have been able to pay the casuals in time.

The hospital has also made requisitions of ultra sound and diathermy machines which will improve the performance.

### **Challenges**

1. Not enough bed capacity i.e only 9 beds for maternity cases where 5 are for normal deliveries and 4 beds for caesarean operations together with hysterectomy cases.
2. There is need for more medical officers to cover night duties. currently only one officer who covers during the day. at night the refer emergency patients
3. No ambulance for evacuation of patients with emergency cases.
4. The hospital experienced water shortage due to dry spells that are often due to the change of weather. we recommend for the facility to have its own borehole.
5. No facility vehicle for use in the facility this causes a lot of inconveniences when items needs to be collected from the county. we recommend the facilities to be allowed to maintain a facility vehicle.

### **Financial Report**

Over the last year the facility collected a total of ksh 11,994,931, this includes Facility fund 5,816,836 and National Hospital insurance fund ksh 6,178,095.

This was a decrease compared to the previous financial year where we had collected ksh. 15,242,239, can be attributed to stock outs for drugs and lab-materials.

During the financial year the county refunded back ksh. 11,196,161.

The hospital was able to acquire an auto clave, notice boards in strategic points, a kitchen cooking gas cage for safety and maintenances in various departments

A few pending bills were cleared but still the facility has a lot to pay.

Recurrent expenditures have been taken care of including payment of casuals.

We look forward to improved services.



.....  
**Name**

*Dr. Joseph Muriithi*

**Secretary to the Board**

**7. Statement of Performance Against Predetermined Objectives**

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

Lari level 4 has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2022- FY 2023. These strategic pillars/ themes/ issues are as follows;

Health financing 1:

Service delivery 2:

Lari level 4 develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The lari level 4 achieved its performance targets set for the FY 2022/2023 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators	Activities	Achievements
Health Financing	Eliminate Communicable conditions Eliminate Non Communicable conditions	-Average cost per discharge -Average length of stay - Bed Turnover	Immunization - Child health - Screening for communicable conditions - Antenatal Care Health Promotion and education on nutrition and violence	-Reduction in mortality and morbidity rates from 10% - Reduction in number HIV prevalence.
Service Delivery	Provide essential Medical services	-Average turn around time -Medical equipment utilization	General Outpatient - Integrated mother child health care /	-Increase in the number of caesarean sections

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		-Insurance preauthorization and claim processing time	Family Planning services - Accident and Emergency - Emergency life support - Maternity - Newborn and post natal care - Reproductive health - In Patient Maternity services	-Reduction of waiting times for patients. - Diversification of tests done at the laboratory
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## 8. Corporate Governance Statement

Lari Level 4 Hospital has a hospital board comprising of 5 members which were appointed by the CEC (county executive member of health through the Department of Health and serves for three years subject to renewal of contract. The meetings during the financial year were held on 27<sup>th</sup> April 2023 and the 2<sup>nd</sup> was on 18<sup>th</sup> May 2023.

### Appointment

- i. Chairperson of the board not to be a staff of county and minimum diploma Qualification
- ii. Four residents within the sub county where the hospital is located.
- iii. The superintendent to be the secretary

### Removal:

The Executive Member may remove from office any member of the Board who—

- (a) has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
- (b) is adjudged bankrupt;
- (c) is unable to discharge his or her duties due to physical or mental incapacity;
- (d) violates or is suspected of violating Article 6 and 10 of the Constitution; or
- (e) is charged with a criminal offence in court of law or a traffic offense attracting an imprisonment term of a minimum of six months.

### Roles and responsibilities of the board

1. Provide oversight over general administration of the hospital
2. Promote development of the hospital
3. Recommend to the executive plans and programmes for implementing county health Strategies In hospital
4. Recommend budget estimates to the executive
5. Establish hospital community feedback platforms
6. Assess delivery services.

7. Monitor hospital performance.

**Remuneration**

	Sitting allowance	lunch	transport
Board chair-	4000	500	2000
Members-	2500	500	2000

**Performance**

- a. Meeting not less than 4 times in the financial year
- b. )Chairperson upon request by at least half of members can convene a special meeting.
- c.) Unless three quarters agree for a urgent meeting ,At least 14 days notice should be given
- d.) Quoram should be five members for board and three for committee,s
- e.) Chair person to preside every meeting of the board but incase absent members can appoint one of them to preside.
- f). Unless a unanimous decision is reached all matters shall be as majority votes of members.if the votes are equall the chair to cast a vote.
- g). No proceeding shall be invalid by reason of absence of a person.
- h.) Remuneration of the board is determined by county public service board.

**Conflict of interest**

- a. If a member has interest in a matter in discussion he will not discuss or vote and to disclose.
- b. If the member has deep insight of a matter and has interest he can discuss but not vote
- c. A member is considered to have conflicting interest if it interferes with performance in the board
- d. Where board realises a member has interest they can refrain him from taking further part.
- e. If chair has interest he should disclose in writing to the board.
- f. Upon the board being aware of conflict they are to determine if it will affect its performance. The affected member will note vote in determination.

Conduct;the board shall comply with code of conduct governing public officers

All minutes of resolutions and proceedings shall be entered in books for that purpose.

## **9. Management Discussion and Analysis**

Lari level 4 hospital was first opened on 9th December 1960 as a health centre. Was then upgraded to a level 4 facility on 4th October 2013 (Gazette notice no. 13617). It serves as the sub county hospital with Lari sub county population at 135,303 persons (Kenya Population and Housing Census, August 2019). Currently the population is projected at 145,303. It occupies a total geographical area of 439.2 square kilometers.

Departments: Out Patient Department, Lab. Dental clinic, Pharmacy, Nutrition, Psychiatric counseling, triage, Child Welfare Clinic, Mother Child Health clinic, Records, Casualty, Maternity (9 beds theatre services and Specialist clinics (Non Communicable Diseases, Gynae clinic .  
Maternity cases-857,outpatient 18,199,special clinic 14989,acc and emr 161 cases, operations 103 cases

Clinical Performance of Lari Sub county hospital continues to provide a wide range of healthcare services to, patients from Lari sub county and its environs. Services include, specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care (Maternity), day care procedures for surgery, Psychiatric clinic, dental . The hospital also provides clinical support services that include , laboratory, pharmacy . The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and lack of adequate bed capacity.

The key challenge is bed capacity with the facility only able to accommodate 9 beds. There is a lot of potential for this facility and with completion of the ward building, a lot more history can be achieved.

There is a 4 storey ward building under construction which is meant to have a capacity of 195 beds and 2 additional theatres. The building was started in 2015 but is still yet to be completed. We however hope that it shall be completed in the new financial year with support from the county government who are financing the project.

Over the last year, several officers have left public service in terms of either resignation or retirement. None have been replaced and this has brought a lot of strain on the facility staff sometimes leading to burnout. We urge the administration to support especially when there is no strain to the wage bill as is the case with replacement of an officer.

The facility has financial obligations which include: Casual wages, Electricity bill, water bill, security, airtime, food for patients, transport, fuel etc. Currently, all casual wages have been paid till June 2023 and are up to date.

Through reimbursement as per the facility fund act, our lab is fully equipped to perform as a level 4 facility should. Available tests are: hba1c, Kidney and liver function tests, Thyroid function tests, Haematology, Gene expert, urinalysis, H.pylori, blood donation, blood grouping and other tests. The challenge at the moment is space. With the laboratory having more equipment than space. Again this will be a thing of the past with the ward building that is still under construction.

### **Clinical/operational performance**

The facility has a total of 9 beds because it lacks space for other inpatient services. We had a total of 34,309 outpatient visits in the FY 2022/2023 which was a decrease in the previous financial year 2021/2022. This was due to stock outs of drugs and lab materials.

The facility theatre now functional only working 8 hours/ 5 days a week due to staff shortage. Each inpatient staying 24 hours average if delivered normally and 3 days if delivered via caesarean section.

Bed occupancy at 54%

Mortality rate under 1%

The facility only depends with our revenue being Fif and Nhif. We however have partners like Crissp-union who have employed a clinician, hts counsellors, hrio and a chv all to support the ccc and tb clinic

### **Financial performance that includes**

Our revenue sources are Fif and Nhif. Funds are utilised as per the Fif act guidance as follows: 30% towards Facility development and 70% towards recurrent expenditure. This is proposed by the Health Management Team and approved by the Hospital board.



.....  
Name *Dr. Joseph Murithi*

**Secretary to the Board**

## 10. Environmental and Sustainability Reporting

Lari level 4 exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen 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*

Sustainability prompts us to think in terms of the future and using global perspective, recognising the connections between economy, society and ecology. The concept carries the aim of improving quality of life for people and communities across the globe, whilst protecting the natural systems upon which life depends. We support 17 Sustainable Development Goals adopted by UN Member States in transforming our world: the 2030 Agenda for Sustainable Development. It reflects the commitment behind the Global Goals to make further advances on social progress, economic growth and environmental protection, balancing the three pillars of sustainable development. We have engaged in Community Dialogues to sensitise the community on the services we offer and any feedback that they provide is key to improving our services. Continuous reimbursement of the FIF back to the facility has also been key in planning and sustaining the activities of the hospital. We also have a kitchen garden where we grow our own vegetables

### *Environmental performance*

In the facility kitchen garden we have a number of trees that are maintained as well as flowers to ensure we nurture the environment. We also ensure waste disposal is taken seriously and make use of our burning chamber.

### *ii) Employee welfare*

We hire casuals on basis of competitive and fair recruitment looking out for Gender balance and following all applicable laws of the land with regards to employment. Workers are provided with PPE and other protective materials to minimize exposure and injury at the Hospital. The hospital is OSHA(Occupational Safety and Health Act of 2007) compliant

### *iii) Market place practices-*

**a) Responsible competition practice.** Procurement processes are done competitively and fairly offering opportunity to all people groups .Lari Sub county hospital follows to the latter PFM and Public Procurement and Asset Disposal Act

***b)Responsible Supply chain and supplier relations***

Lari Sub county hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices. Put in place guidelines to offer equal business opportunities.

***c)Responsible marketing and advertisement***

We maintain ethical marketing practices and a culture of transparency. Protection of data,commitment to sustainability and human rights.

***d)Product stewardship***

Adhere to set laws to safeguard consumer rights and interests.

***v) Corporate Social Responsibility / Community Engagements***

Conduct community outreaches like medical camps in the surrounding Lari area where we reach out to special groups like patients with special needs..

**11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of lari level 4 hospital's affairs.

**Principal activities**

To oversee the provision of quality health care in the facility.

**Results**

The results of the entity for the year ended June 30 2023 are set out on pages 1 to 6

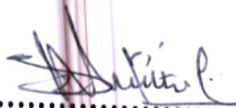
**Board of Management**

The members of the Board who served during the year are shown on page 7. During the year, one member was removed, and one member appointed to replace the removed.

**Auditors**

The Auditor General is responsible for the statutory audit of lari level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
Name *DR. JOSEPH MURIITHI*

**Secretary to the Board**

**12.Statement of Board of Management’s Responsibilities**

Section 164 of the Public Finance Management Act, 2012 (Kiambu count Health Services Act no.2 of 2019) requires the Board of Management to prepare financial statements in respect of that Lari level 4 hospital which give a true and fair view of the state of affairs of Lari level 4 hospital at the end of the financial year/period and the operating results of Lari level 4 hospital for that year/period. The Board of Management is also required to ensure that Lari level 4 hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Lari level 4 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 Lari level 4 hospital’s financial statements, which give a true and fair view of the state of affairs of Lari level 4 hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Lari level 4 hospital, (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 Lari level 4 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for Lari level 4 hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Kiambu County Health Services Act no.2 of 2019 ). The Board members are of the opinion that Lari level 4 hospital’s financial statements give a true and fair view of the state of Lari level 4 hospital’s transactions during the financial year ended June 30, 2023 and of Lari level 4 hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Lari level 4 hospital, which have been relied upon in the preparation of Lari level 4 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 Lari level 4 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 12/7/2023 and signed on its behalf by:

  
.....  
Name: **DR. MUNGAT KAHANGARA**  
Chairperson  
Board of Management

  
.....  
Name: **DR. JOSEPH MURIITHI**  
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 LARI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KIAMBU**

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### **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 Lari Level 4 Hospital – County Government of Kiambu set out on pages 1 to 50, which comprise of the statement of financial position as at 30 June, 2023, 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 Lari Level 4 Hospital – County Government of Kiambu as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012, the Health Act, 2017 and the Kiambu County Health Services Act, 2019.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The financial statements submitted for audit contained the following errors:

- i. The statement of financial position reflects comparative total current assets of Kshs.12,149,262 which, however, differs with the recomputed balance of Kshs.12,129,162 resulting in an unexplained variance of Kshs.20,100.
- ii. The statement of financial position reflects a comparative balance of Kshs.1,181,024 in respect of property, plant and equipment which, however, differs with the balance disclosed in the corresponding Note 31 to the financial statements of Kshs.1,088,754 by an unexplained variance of Kshs.92,270.
- iii. The statement of financial position reflects a comparative balance of Kshs.5,959,052 in respect of trade and other payables while the corresponding Note 34 to the financial statements discloses a balance of Kshs.4,902,982 resulting into an unexplained variance of Kshs.1,056,070.
- iv. Note 28 on receivables from exchange transactions is missing.
- v. Note 30 to the financial statements discloses a comparative balance of Kshs.3,902,600 in respect of inventories which, differs with the recomputed balance of Kshs.3,652,000 resulting in an unexplained variance of Kshs.250,600.

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

#### **2. Inaccuracies in Opening Balances**

The financial statements reflect comparative balances in respect of various items which, differ with the previous year's audited balances as tabulated below:

Item	Comparative Amount as per Financial Statements (Kshs)	Amount as per Previous Year's Financial Statements (Kshs)	Variance (Kshs)
Rendering of Service-Medical Service Income	15,242,239	14,973,535	268,704
Board of Management Expenses	102,000	92,000	10,000
Cash and Cash Equivalents	1,963,703	1,963,803	(100)
Inventories	3,902,600	4,132,600	(230,000)
PPE	1,181,024	1,045,414	135,610
Trade and Other Payables	5,959,052	4,902,982	1,056,070
Rendering of Services-Medical Income (Cash Flow Statement)	15,242,239	14,973,535	268,704
Medical/Clinical Costs	2,018,846	1,431,494	587,352
Board of Management Expenses (Cash Flows)	102,000	92,000	10,000
Pharmaceuticals- Note 11	3,376,300	3,087,007	289,293
Theatre- Note 11	360,000	40,700	319,300
Other Medical Services Income- Note 11	9,067,889	9,407,778	339,889
Property- Buildings Note 19	228,200	86,200	142,000

In the circumstances, the accuracy and completeness of the opening balances of the various highlighted financial statements items could not be confirmed.

### 3. Unsupported In-Kind Contributions from the County Government

The statement of financial performance reflects an amount of Kshs.96,952,695 in respect of in-kind contributions from the County Government which, as disclosed in Note 7 to the financial statements, includes Kshs.93,209,580, Kshs.2,679,905 and Kshs.1,063,210 in respect of salaries and wages, medical supplies-drawings rights (meds) and pharmaceuticals and non-pharmaceuticals supplies (other suppliers) respectively. However, the schedules provided in support of salaries and wages supported an amount of Kshs.92,842,580, resulting in an unexplained variance of Kshs.367,000. Further, there were no ledgers or invoices provided to support the amount for pharmaceuticals and non-pharmaceuticals supplies (other suppliers).

In the circumstances, the accuracy and completeness of in-kind contributions from the County Government of Kshs.96,952,695 could not be confirmed.

### 4. Unexplained Variances in Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.5,079,596 as disclosed in Note 27 to the financial statements. However, the following inconsistencies were observed.

- i. Included in the balance is Kshs.4,397,942 in respect of Facility Improvement Fund (FIF) account which, however, differs with the cash book balance of Kshs.3,720,685 resulting to an unreconciled and unexplained variance of Kshs.677,257.
- ii. The bank reconciliation statement for the FIF account reflects a balance as per bank certificate of Kshs.5,449,961 which, however, differs with the confirmed certificate of bank balance of Kshs.4,709,056 resulting to an unexplained and unreconciled variance of Kshs.740,905.
- iii. Included in the balance of Kshs.5,079,596 is Kshs.663,069 in respect of National Health Insurance Fund (NHIF) collection account, which differs with the reconciled balance cashbook balance of Kshs.665,328 resulting to an unexplained and unreconciled variance of Kshs.2,259.
- iv. Included in the balance of Kshs.5,079,596 is Kshs.18,585 in respect of revenue account which, differs with the cash book balance of Kshs.22,500 resulting to an unexplained and unreconciled variance of Kshs.3,915.

In the circumstances, the completeness and accuracy of the cash and cash equivalents balance of Kshs.5,079,596 could not be confirmed.

#### **5. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects a balance of Kshs.1,977,064 in respect of property, plant and equipment as disclosed in Note 31 to the financial statements. However, the supporting schedule and the fixed assets register indicating the description of assets, their location and values were not provided for audit. Further, the assets were not depreciated as the Management had not developed a depreciation policy. In addition, the value of the parcel of land on which the Hospital is situated and the new hospital building cost were not recognized in the financial statements. In addition, the title deed to the parcel of land and the logbook of the Hospital's ambulance were not provided for review.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.1,977,064 could not be confirmed.

#### **6. Unsupported Medical/Clinical Costs**

The statement of financial performance reflects an amount of Kshs.5,111,930 in respect of medical/clinical costs which, as disclosed in Note 15 to the financial statements, includes an amount of Kshs.3,743,115 in respect of other medical related clinical costs (drugs and non-pharms) donations. However, the supporting documents such as payment vouchers, invoices and ledger were not provided for review.

In the circumstances, the accuracy and completeness of other medical related clinical costs of Kshs.3,743,115 could not be confirmed.

#### **7. Unsupported Inventory Balance**

The statement of financial position reflects a balance of Kshs.2,283,275 in respect of inventory balance as disclosed in Note 30 to the financial statements. However,

Management did not provide signed stock take reports, board of survey report and verified stock sheets to support the balance.

In the circumstances, the accuracy, existence and completeness of the inventory balance of Kshs.2,283,275 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Lari Level 4 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 Comply with Ethnicity Requirements**

Review of the staff establishment revealed that fifty five (55) out of sixty two (62) staff representing 88%, were from the same ethnic community thus exceeding the threshold required by Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **2. Lack of Quarterly Revenue Reports**

The statement of financial performance reflects Kshs.11,039,940 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 reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of 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. Inadequate Staffing

Review of records provided revealed that the Hospital had a deficit of staff as tabulated below:

S/No.	Category	Recommended by the Kenya Quality Model for Health	In-Post	Deficit	Deficit %
1.	Medical Officers	16	2	14	88
2.	Anesthesiologists	2	0	2	100
3.	Surgeons	2	0	2	100
4.	Gynecologists	2	1	1	50
5.	Pediatrics	2	1	1	50
6.	Radiologists	2	0	2	100
7.	Kenya Registered Community Health Nurses	75	10	65	87

In the circumstances, the adequacy of staff in the Hospital could not be confirmed.

### 4. Non-Optimal Equipment Levels at the Hospital

Verification of equipment used at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. It was noted that equipment available were not as per Kenya Quality Model for Health Policy Guidelines as analyzed in the following table:

Item Description	Level 4 Standard	Actual Numbers	Variance
Intensive Care Unit Beds	6	0	6
Inpatient Beds	150	8	142
High Dependence Unit	6	0	6
Theatre	2	1	1
New Born Incubators	5	0	5
Pediatric Beds	5	1	4
Resuscitaire in Labour Ward	2	0	2
Dialysis Mmachines for Urenal Unit	5	0	5

Further, the Hospital lacked radiology services and renal services thus limiting the number of services the community could have benefitted from and for the Hospital to operate at the desired levels anticipated by the Universal Health Coverage.

In the circumstances, the Hospital was not operating at the desired levels as anticipated by the Universal Health Coverage under Quality Health Model in terms of optimal equipment and services.

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. Poor Management of Pharmaceuticals and Non-Pharmaceuticals Items**

Review of management of pharmaceutical and non-pharmaceutical commodities at the Hospital revealed that stock cards used to issue drugs to various departments in the Hospital did not indicate the batch number and the expiry dates of the drugs. Further, 127,004 units of medicines of undetermined value were found to have expired and had not been disposed as at 30 June, 2023.

In the circumstances, existence of an effective stock management could not be confirmed.

#### **2. Failure to Conduct Internal Audits**

Review of the Hospital's governance system revealed that it relied on the Internal Audit Unit of the Kiambu County Executive since it had not established its own unit. However, during the year under review, the Internal Audit Unit did not carry out any audits on the operations of the Hospital. This is contrary to Regulation 153(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities.

In the circumstances, the Hospital did not benefit from the independent assurance over its financial reporting and risk management processes.

### **3. Lack of Policy Documents**

During the financial year under review, the Hospital did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Management did not perform formal risk assessments on key financial risk areas such as cash, revenue and expenditure. Further, it was noted that Management lacked a disaster recovery plan/business continuity plan and therefore crucial information may never be recovered in the event of a disaster.

In addition, the Hospital was operating without an approved waiver policy to show proper guidelines and procedures on waiver and therefore the effectiveness and sufficiency of the controls could not be confirmed.

In the circumstances, the Hospital may not achieve its desired objectives where crucial policy documents are non-existent.

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

#### **Responsibilities of Management and the Board of Management**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of applicable basis of accounting and based on the audit evidence obtained, whether a material. If I Uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue 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 controls 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**

**8 June, 2024**

*Lari Level 4 Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30 June 2023*

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	96,952,695	74,866,382
Grants from donors and development partners	8	0	57,600
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		<b>96,952,695</b>	<b>74,923,982</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	11,039,940	15,242,239
Revenue from rent of facilities	12	0	0
Finance/Interest income	13	0	0
Miscellaneous Income	14	0	0
<b>Revenue from exchange transactions</b>		<b>11,039,940</b>	<b>15,242,239</b>
<b>Total revenue</b>		<b>107,992,635</b>	<b>90,166,221</b>
<b>Expenses</b>			
Medical/Clinical costs	15	5,111,930	2,018,846
Employee costs	16	94,558,627	75,741,370
Board of Management Expenses	17	0	102,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	197,950	840,956
Grants and subsidies	20	2,207,988	36,015
General expenses	21	2,779,796	2,743,656
Finance costs	22	0	0
<b>Total expenses</b>		<b>104,856,291</b>	<b>81,482,843</b>
<b>Other gains/(losses)</b>			

**Lari Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30 June 2023**


Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
<b>Total other gains/(losses)</b>		0	0
<b>Net Surplus / (Deficit) for the year</b>		<b>3,136,344</b>	<b>8,683,378</b>

The Hospital's financial statements were approved by the Board on 12/7/2023 and signed on its behalf by:

  
 .....  
 Chairman

Board of Management

RAHAB NJUGUNA  
 .....

Head of Finance   
 ICPAK No:

  
 .....

Medical Superintendent


**15. Statement of Financial Position As At 30 June 2023**


Description	Notes	As at 30 June 2023	
		KSh	US\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	5,079,596	1,963,703
Receivables from exchange transactions	28	15,308,440	6,262,859
Receivables from non-exchange transactions	29	0	0
Inventories	30	2,283,275	3,902,600
<b>Total Current Assets</b>		<b>22,671,311</b>	<b>12,149,262</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	1,977,064	1,181,024
Intangible assets	32	0	0
Investment property	33	0	0
<b>Total Non-current Assets</b>		<b>1,977,064</b>	<b>1,181,024</b>
<b>Total assets</b>		<b>24,648,375</b>	<b>13,330,286</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	5,213,239	5,959,0520
Refundable deposits from customers/Patients	35	11000	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
<b>Total Current Liabilities</b>		<b>5,224,239</b>	<b>5,959,052</b>
		0	0
<b>Non-current liabilities</b>		0	0
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession liability	40	0	0


**Lari Level 4 Hospital (Kiambu County Government)**  
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Description	Note	BY 2022/2023	BY 2021/2022
		Kshs	Kshs
Social Benefits	41	0	0
<b>Total Non-current liabilities</b>		0	0
<b>Total Liabilities</b>		5,224,239	5,959,052
<b>Net assets</b>			
Revaluation reserve		19,424,136	7,371,234
Accumulated surplus/Deficit		0	0
Capital Fund		3,136,344	8,683,378
		0	0
		0	0
<b>Total Net Assets and Liabilities</b>		24,648,375	13,330,286

The Hospital's financial statements were approved by the Board on 12/07/23 and signed on its behalf by:

  
 .....  
 Chairman **Dr. MUNGAI KAHANGARA**  
 Board of Management

**RATTAB NIUGUNA**  
 .....  
 Head of Finance  
 ICPAK No: 

  
 .....  
**DR. JOSEPH MURITHI**  
 Medical Superintendent

**Lari Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30 June 2023**

**16. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2021 (previous year)</b>	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	8,683,378	0	8,683,378
Capital/Development grants	0	0	0	0
<b>As at June 30, 2022 (previous year)</b>	0	8,683,378	0	8,683,378
	0	0	0	0
<b>At July 1, 2022 (current year)</b>	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	3,136,344	0	3,136,344
Capital/Development grants	0	0	0	0
<b>At June 30, 2023 (current year)</b>	0	3,136,344	0	3,136,344

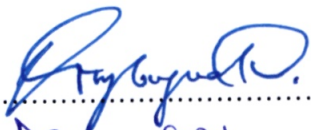
**Lari Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30 June 2023**


**17. Statement of Cash Flows for the Year Ended 30 June 2023**


Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		0	0
Grants from donors and development partners		0	57,600
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		<b>11,196,261</b>	15,242,239
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts( <i>specify</i> )		0	0
<b>Total Receipts</b>		<b>11,196,261</b>	<b>15,299,839</b>
<b>Payments</b>			
Medical/Clinical costs		1,368,815	2,018,846
Employee costs		1,349,047	1,462,340.00
Board of Management Expenses		0	102,000
Repairs and maintenance		197,950	840,956
Grants and subsidies		0	36,015
General expenses		2,735,939	2,743,656
Finance costs		0	0
Refunds paid out		11000	0
<b>Total Payments</b>		<b>5,662,751</b>	<b>4,279,133</b>
<b>Net cash flows from operating activities</b>		<b>5,533,510</b>	<b>11,020,706</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets	31	(888,310)	(1,045,414)
Proceeds from the sale of property, plant, and equipment		0	0
Acquisition of investments		(0)	(0)
<b>Net cash flows used in investing activities</b>		<b>(888,310)</b>	<b>(1,045,414)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	(0)

**Lari Level 4 Hospital (Kiambu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30 June 2023**

Capital grants received		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,645,200</b>	<b>9,975,292</b>
Cash and cash equivalents as at 1 July 22	27	1,409,063	317,003
<b>Cash and cash equivalents as at 30 June23</b>	<b>27</b>	<b>5,079,596</b>	<b>1,409,063</b>

  
**DR. MUNGAI**  
 Chairman **KATHANGARA**  
 Board of Directors

  
**RAHAB NJUGUNA**  
 Head of Finance  
 ICPAK No:


  
**DR. JOSEPH MURIITHI**  
 Medical Superintendent


*Lari level Hospital (Kiambu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30 June 2023*

**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023**

Description	Original budget	Adjustments	Final budget	Actual amount	Percentage difference	% of realization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	96,952,695	0	96,952,695	96,952,695	0	1
Rendering of services-Medical Service Income	21,334,000	0	21,334,000	<b>11,196,261</b>	10137739	52
<b>Total income</b>	118,286,695	0	118,286,695	108,148,956	<b>10,137,739</b>	91
<b>Expenses</b>						
Medical/Clinical costs	11,381,334	+105115	11,486,449	5111930	6374519	44
Employee costs	94,793,580	+87720	94,881,300	94558627	322,673	0.99
Remuneration of directors	350,000	0	350,000	0	0	0
Repairs and maintenance	1,265,000	-139615	1,125,385	197,950	927,435	17
Grants and subsidies	0	0	0	0		0
General expenses	5,060,800	-41720	5,019,080	2779796	2239284	0.55
Refunds	0	0	0	<b>11,000</b>	-11,000	100
Capital expenditure	5,435,981	-1500	5,434,481	888,310	<b>4546171</b>	0.16
<b>total</b>	<b>118,286,695</b>		<b>118,286,695</b>	<b>103,547,613</b>	<b>14,739,082</b>	0.87

- i. General expenses were not paid as bills were under scrutiny by the pending bills committee in county.
- ii. The board meetings held did not reach quoram hence no payment made  
 .The changes is due to reallocation done in the 4<sup>th</sup> quarter.

  
 .....  
 Chairman **DR. MUNGAI KATHANJARA**  
 Board of Directors

  
 .....  
 Head of Finance  
 ICPAK No:

  
 .....  
 Medical Superintendent

**19. Notes to the Financial Statements**

**1. General Information**

Lari Level 4 Hospital as an entity is established by and derives its authority and accountability from Medical Practitioners and Dentist Act Cap 253. The Entity Is Wholly Owned By The Government Of Kenya And Is Domiciled In Kenya. The Entity's Principal Activity Is Offering Health Services

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on accrual 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 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 Note 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 Kiambu County Health Act no.2 of 2019, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.**

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1 <sup>st</sup> 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.

Standard	Effective date and impact
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flow</li> </ul>
<p><b>Amendments to Other IPSAS resulting from IPSAS 41,</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>

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

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

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

Standard	Effective date and impact
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> <li>i. 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:</li> <li>ii. 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.</li> </ul>

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023

*Notes to the Financial Statements (Continued)*

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 22/23 was approved by Board on 12/6/22. 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 *Hospital* recorded additional appropriations of on the FY 22/23 budget following the Board's approval. The *hospitals* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and no depreciation. 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. 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**

The facility has no leased items it operates on its own properties

**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**

During the financial year no research was done.

**i. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

**Notes to the Financial Statements (Continued)**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

No impairments loss has been considered.

**Financial liabilities**

**Classification**

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

**j. Inventories**

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

*Notes to the Financial Statements (Continued)*

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

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

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

**k. Provisions**

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

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

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

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

**Notes to the Financial Statements (Continued)**

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

**o. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements.

**p. Changes in accounting policies and estimates**

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

**q. Employee benefits**

**Retirement benefit plans**

This is taken care of at the county level and not in the facility..

**r. Foreign currency transactions**

No transactions involving foreign currency

**s. Borrowing costs**

No borrowings in the financial year

**t. Related parties**

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

**u. Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than

*Notes to the Financial Statements (Continued)*

'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023

**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)

*Notes to the Financial Statements (Continued)*

**Useful lives and residual values**

The assessment of useful lives and residual values of assets was not done during the financial year.

**Provisions**

No provisions have been raised by management .

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	0	0
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
	0	0
<b>Conditional grants</b>	0	0
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>0</b>	<b>0</b>

6b. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance* KShs	to of	Amount deferred under deferred income KShs	Amount recognised in capital fund	Total grant income during the year	Comparative Period
				KShs	KShs	KShs
Kiambu County Government	0		0	0	0	
<b>Total</b>						

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages	93,209,580	74,279,030
Medical supplies-Drawings Rights (meds)	2,679,905	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,063,210	587,352
Utility bills	0	0
<b>Total grants in kind</b>	<b>96,952,695</b>	<b>74,866,382</b>

8. Grants From Donors and Development Partners

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants ( <i>amref tb programme</i> )	0	57,600
<b>Total grants from development partners</b>	<b>0</b>	<b>57,600</b>

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

Name of the Entity sending the grant	Amount recognized in Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from n/a National Hospital	0	0
Transfer from n/a Institute	0	0
<b>Total Transfers</b>	0	0

10. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations( <i>specify</i> )	0	0
Donations in kind-amortised	0	0
<b>Total donations and sponsorships</b>	0	0

10 (a) Reconciliations of amortised grants

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Balance unspent at beginning of year</b>	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
<b>Conditions to be met – remain liabilities</b>	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pharmaceuticals	2,782,005	3,376,300
Non-Pharmaceuticals	445	0
Laboratory	1,605,050	2,295,700
Radiology	300	0
Orthopedic and Trauma Technology	250	100
Theatre	24,200	360,000
Accident and Emergency Service	86,800	75,150
Anesthesia Service	0	0
Ear Nose and Throat service	200	900
Nutrition service	0	0
Cancer centre service	0	0
Dental services	48,340	66,200
Reproductive health	24,000	0
Paediatrics services	400	0
Farewell home services	0	0
Other medical services income	1,421,980	9,067,889
<b>NHIF</b>	5,045,940	0
<b>Total revenue from the rendering of services</b>	<b>11,039,940</b>	<b>15,242,239</b>

12. Revenue From Rent of Facilities

Description	Period ended 30 June 2023	Comparative period 30 June 2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
<b>Total Revenue from rent of facilities</b>	<b>0</b>	<b>0</b>

The facility has staffhouses but the occupants pays directly to the ministry of housing)  
The allocation of houses is also controlled by the ministry

Notes to the Financial Statements (Continued)

13. Finance /Interest Income

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from short-term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

14. Miscellaneous Income

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
<b>Total Miscellaneous income</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	504,659.00	512,513
Public health activities	0	0
Food and Ration	456,591	195,314
Uniform, clothing, and linen	4,000	0
Dressing and Non-Pharmaceuticals	319,161	252,176
Pharmaceutical supplies	0	957,357
Health information stationery	0	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	71,954	65,770
Purchase of Medical gases	12,450.00	35,716
X-Ray/Radiology supplies	0	0
Other medical related clinical costs ( <i>drugs and non-pharms</i> )donations	3,743,115	0
<b>Total medical/ clinical costs</b>	<b>5,111,930</b>	<b>2,018,846</b>

16. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries, wages, and allowances(paid by hospital	1,349,047	1,462,340
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs ( <i>salary paid by county for permanent staff</i> )	93,209,580	74,279,030
<b>Employee costs</b>	<b>94,558,627</b>	<b>75,741,370</b>

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	0	92,000
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
<b>Total</b>	<b>0</b>	<b>92,000</b>

18. Depreciation and Amortization Expense

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

19. Repairs And Maintenance

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property- Buildings	69,000	228,200
Medical equipment	0	220,300
Office equipment	0	69,960
Furniture and fittings	0	0
Computers and accessories	0	0
Motor vehicle expenses	128,950	175,496
Maintenance of civil works	0	147,000
<b>Total repairs and maintenance</b>	<b>197,950</b>	<b>840,956</b>

Notes to the Financial Statements (Continued)  
20.Grants And Subsidies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies 20%of revenue)	2,207,988	36,015
<b>Total grants and subsidies</b>	<b>2,207,988</b>	<b>36,015</b>

21. General Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Advertising and publicity expenses	0	-
Catering expenses/& utensils	351,556	539,183
Cooking gas/charcoal	109,997	-
Insecticides and rodenticides	0	
Audit fees	0	0 -
Bank charges(Operations acc.)	3,333	3,411
Nhif bnk charges	43,857	
Consultancy fees	0	-
Contracted services(security)	567,000	595400
Electricity expenses	1,019,000	461,201
Fuel and Lubricants	0	1,000.00
Insurance	0	-
Research and development expenses	0	-
Travel and accommodation allowance	22,660	69,960
Legal expenses	0	-
Licenses and permits	0	-
Courier and postal services	9450	9,450
Printing & stationery	327,310	812,181
Hire charges	0	-
Rent expenses	0	0
Water and sewerage costs	202,133	200,870.00

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Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Skills development levies	0	0
Telephone and mobile phone services	123,500	51,000.00
Internet expenses	0	0
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
	0	0
Parking charges	0	0
<b>Total General Expenses</b>	<b>2,779,796</b>	<b>2,743,656</b>

**22. Finance Costs**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised ( <i>specify</i> )	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

25. Medical Services Contracts Gains /Losses

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Comprehensive care contracts with Nhif	0	0
Non- Comprehensive contracts care with Nhif	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
<b>Total Gain/Loss</b>	<b>0</b>	<b>0</b>

26. Impairment Loss

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

27. Cash and Cash Equivalents

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	5,079,596	1,963,803
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others( <i>specify</i> )- Mobile money	0	0
<b>Total cash and cash equivalents</b>	<b>5,079,596</b>	<b>1,963,803</b>

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

Description	Financial institution	Account number	FY 2022/2023	FY 2021/2022
			KShs	KShs
<b>a) Current account</b>				
Kenya Commercial bank	1157607691		4,397,942	103,973
Kenya commercial bank	1266695311		663,069.00	1,304,990
Family bank Thika	0100053766		18,585.00	
<b>Sub- total</b>			<b>0</b>	
<b>b) On - call deposits</b>				
Kenya Commercial bank				
Equity Bank – etc				
<b>Sub- total</b>			<b>0</b>	
<b>c) Fixed deposits account</b>				
Bank Name				
<b>Sub- total</b>				
<b>d) Others(<i>specify</i>)</b>				
cash in hand				100
Mobile money- Mpesa, Airtel money				
<b>Sub- total</b>				<b>100</b>
<b>Grand total</b>			<b>5,079,596</b>	<b>1,409,063</b>

Notes to the Financial Statements (Continued)

28.Receivables From Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Medical services receivables	15,308,440	15,308,440
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
<b>Total receivables</b>	<b>15,308,440</b>	<b>15,308,440</b>

Analysis of Receivables from Exchange Transactions

Description	FY 2022/2023		FY 2021/2022	
	KShs	%	KShs	%
	Current FY	of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	9,860,285	%	15,308,440	%
Between 2-3 years	3,424,339	%	0	%
Over 3 years	2,023,816	%	0	%
<b>Total (a+b)</b>	<b>15,308,440</b>	<b>%</b>	<b>15,308,440</b>	<b>%</b>

29. Receivables From Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

30. Inventories

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Pharmaceutical supplies	1,700,000	2,120,400
Maintenance supplies	0	600,500
Food supplies	8000	65,000
Linen and clothing supplies	311361	520,000
Sanitary materials	0	45,000
Laboratory materials	243,914	0
General supplies	20,000	301,100
Less: provision for impairment of stocks	0	0
<b>Total</b>	<b>2,283,275</b>	<b>3,902,600</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2021 (previous year)	00	00	00	00	170,000	00	00	170,000
Additions	00	142,000	00	303,000	172,114	301,640	00	918,754
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfers/adjustments		00		00			(00)	-
<b>At 30<sup>th</sup> Jun 2022</b>	<b>00</b>	<b>142,000</b>	<b>00</b>	<b>303,000</b>	<b>342,114</b>	<b>301,640</b>	<b>00</b>	<b>1,088,754</b>
At 1 July 2022 (current year)	00	142,000	00	303,00	342,114	301,640	00	1,088,754
Additions	0	233,310	0	0	0	655000	0	888,310
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> Jun 2023</b>	<b>0</b>	<b>375,310</b>	<b>0</b>	<b>303,000</b>	<b>342114</b>	<b>956,640</b>	<b>0</b>	<b>1,977,064</b>
<b>Depreciation and impairment</b>								
At 1 July 2021 (previous year)	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
<b>At 30 June 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Lari level Hospital (Kiambu County Government)**  
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings and office equipment	ICT equipment	Plant and machinery	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2022 (current year)								
Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2022 (previous)	0	142,000	00	303,000	342,114	301,640	00	1,088,754
At 30 <sup>th</sup> Jun 2023 (current)	0	375,310	0	303,000	342,114	956,640	0	1,977,064

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY	FY 2021/2022
	2022/2023	KShs
	KShs	KShs
<b>Cost</b>		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
<b>Amortization and impairment</b>		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	FY	FY 2021/2022
	2022/2023	KShs
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (where investment property is at cost)	0	0
Impairment	0	0
At end of the year	0	0

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Trade payables	5,213,239		4,806,583	
Employee dues	0		89,000	
Third-party payments (e.g. unremitted payroll deductions)	0		7400	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>5,213,239</b>		<b>4,902,982</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	2,441,776	%		%
1-2 years	2,085,285	%		%
2-3 years	686,178	%		%
Over 3 years	0	%		%
<b>Total</b>	<b>5,213,239</b>	<b>%</b>		<b>%</b>

35. Refundable Deposits from Customers/Patients

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (Refund to client)	11,000		0	
<b>Total deposits</b>	<b>11,000</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	11000	100%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>11,000</b>	<b>100%</b>	<b>0</b>	<b>%</b>

Notes to the Financial Statements (Continued)

36. Provisions

Description	Lease	Bank	Other	Total
	provision	provision	provision	
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

37. Finance Lease Obligation

Description	FY	
	2022/2023	2021/2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

38. Deferred Income

Description	Period ended	Comparative period
	30 June 2023	30 June 2022
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	Period ended 30 June 2023	Cooperative period 30 June 2022
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

41. Social Benefit Liabilities

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	0	0
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	0	0

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Surplus for the year before tax	2,136,344	8,683,378
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
<b>Working Capital adjustments</b>		
Increase in inventory	0	(o)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>2,136,344</b>	<b>8,683,378</b>

**Notes to the Financial Statements (Continued)**

**43. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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:

**(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
<b>At 30 June 2022 (previous year)</b>				
Receivables from exchange transactions	15,308,440	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	1,963,803	0	0	0
<b>Total</b>	<b>17,272,243</b>	0	0	0
<b>At 30 June 2023 (current year)</b>		0	0	0
Receivables from exchange transactions	15,308,440	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	6,131,614	0	0	0
<b>Total</b>	<b>21,440,054</b>	0	0	0

**Notes to the Financial Statements (Continued)**

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

Description	Less than 12 months	Between 12 months and 1 year	More than 1 year	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	0	0	4,902,982	4,902,982
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,902,982</b>	<b>4,902,982</b>
<b>At 30 June 2023</b>				
Trade payables	0	0	5,213,239	5,213,239
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,213,239</b>	<b>5,213,239</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

The hospital has no 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**

No foreign currency exchange was involved during the financial year

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

**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.

Notes to the Financial Statements (Continued)

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	KShs	KShs	KShs
<b>2022 (previous year)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2023 (current year)</b>			
Euro	10%	0	0
USD	10%	0	0

**b) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.

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 nil (2023: KShs nil. A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs nil (2023 – KShs nil.

*Notes to the Financial Statements (Continued)*

**iv) Capital Risk Management**

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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ <i>(excess cash and cash equivalents)</i>	0	0
<b>Gearing</b>	0%	0%

**44. Related Party Balances**

**Nature of related party relationships**

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

Kiambu County Government is the principal shareholder of Lari level 4 hospital, holding 100% of the *entity’s* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

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*Notes to the Financial Statements (Continued)*

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to nil	0	0
Sales of services to nil	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for nil employees	0	0
Payments for goods and services for nil	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**45. Segment Information**

The hospital operates in one geographical area.

**46. Contingent Liabilities**

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Court case nil against the company	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**47. Capital Commitments**

Capital Commitments	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

Lari level 4 hospital is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya

**50. Currency**

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

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20. Appendices

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

The audit was done but the audit opinion have not been presented to the facility.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / No / Resolved)	Time taken for action taken by you since the issue to be resolved.
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..... DR. JOSEPH MURIITHI  
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)	Included in these financial statements (Yes/No)
1 new wards in progress		Kiambu County	9years		no	no
2						

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1	New wards			70%			County government kiambu
2							
3							

The new wards in progress are fully funded by the Kiambu County Government.

The facility is yet to receive the detailed report of the building until its handed over to the facility.

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**Appendix III: Inter-Entity Confirmation Letter**  
*Lari level 4 Hospital p.o. box 237 matathia*



The [kiambu county fif fund account] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 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 [Lari Level 4 Hospital] as at 30 <sup>th</sup> June 2023								
Reference Number	Date Disbursed	Amounts Disbursed as at 30th June 2023				Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
	8 <sup>th</sup> Aug22	3,503,116	0	0	3,503,116	3,503,116		
	4 <sup>th</sup> Oct22	999,468	0	0	999,468	999,468		
	5 <sup>th</sup> Dec22	1,208,415	0	0	1,208,415	1,208,415		
	10 <sup>th</sup> March23	4,192,046	0	0	4,192,046	4,192,046		
	4 <sup>th</sup> July 2023	<u>1,293,116</u>	0	0	<u>1,293,116</u>	<u>1,293,116</u>		
Total		<u>11,196,161</u>	0	0	<u>11,196,161</u>	<u>11,196,161</u>		

In confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accounts Department of the beneficiary entity:**

Name .....RAHAB NJERI NJUGUNA..... Sign ..........Date 17/7/2023.....

*Lari level Hospital (Kiambu County Government)  
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**Appendix IV Reporting of Climate Relevant Expenditures**

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

No expense on the above.

**Appendix V: Disaster Expenditure Reporting Template**

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (K shs)	Comments
N/A						