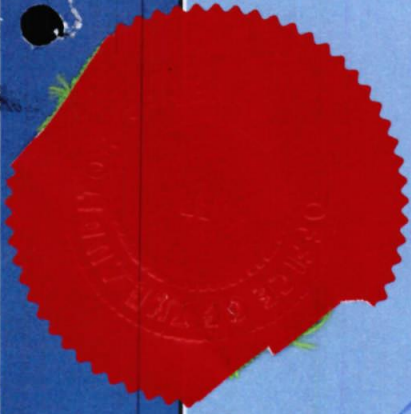


REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

ATHI RIVER LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MACHAKOS

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 34 - 00100, NAIROBI
KENYA
REGISTRY
30 DEC 2024
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Athi River Level 4 Hospital (Machakos County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

2. Key Entity Information and Management

(a) Background information

Athi River Level 4 Hospital is a level 4 hospital established under gazette notice number 7267 of 30th July 2019 and is domiciled in Machakos County under the Health Department. The hospital is governed by management appointed by the department.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality health care services to the people of Mavoko Sub-County and its environs by preventing, controlling and eradicating diseases. Further the facility is tasked to rehabilitate and promote healthy living by ensuring quick accessibility of efficient, equitable, affordable and sustainable health services. The vision of the entity is to provide quality, efficient and affordable health care services that will improve future health benefits to all people.

(c) Key Management

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

- County department of Health
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Jemmimah Ndila
2.	Head of finance	Eric Milo
3.	Accountant Reporting	Grace Musyoki
4.	Head of supply chain	Jane Kanyole
5.	Health Administrative officer	Theresiah Ngui
6.	Nursing Services Manager	Elosy Makena

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary (Senate) committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 145-00204
ATHIRIVER
Machakos, KENYA

(g) Entity Contacts

Telephone:-
E-mail: athiriverlevel4@gmail.com

(h) Entity Bankers

Cooperative Bank

(i) Independent Auditors

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

(j) Principal Legal Adviser

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





(k) County Attorney

County Legal Office
P.O. Box.1996-90100-Machakos, Kenya

3. The Board of Management

There was no Board of Management in place at the facility in FY 2023/2024.

4. Key Management Team

	Management	Details
1.	 <p>Jemmimah Ndila holds a Diploma in Clinical Medicine. She has over 10 years' experience in the medical field.</p>	Medical Superintendent
2.	 <p>Theresiah Ngui holds a Bachelor's Degree in Business management and administration. She has 5 years' experience in administration.</p>	Health Administrative Officer
3.	 <p>Elosy Makena holds a Bachelor's Degree in Nursing. She has over 7 years' experience in the medical field.</p>	Nursing Services Manager
4.	 <p>Eric Milo has over 12 years' experience in accounting and finance. He holds a Master's in Business Administration, Bachelors of Commerce Degree and C.P.A Part 3.</p>	Head of Finance

5. Chairman's Statement

No chairman's statement since the board of management is yet to be formed.

6. Report of The Medical Superintendent

It's my pleasure to present Athi river level 4 hospital financial statements for the year ended 30th June 2024 which are in line with the Public Finance management Act (PFM)2012.The act requires final financial statements to be prepared, publicized and submitted to the County Assembly. Office of the auditor general, National Treasury, the controller of budget and commission for revenue allocation within a period of 3 months after the end of each financial year.

Attached are the hospitals statements which have been prepared in line with the requirements of the PFM act 2012 which present a true fair and fair value of the state of the affairs of the County Government of Machakos for the year ended 30th June 2024.

The statements highlights both qualitative and quantitative user information about the performance of the hospital based on revenue received and collected from the county and NHIF of facility improvement funds versus numerous expenses incurred inline to promotion of quality health care services.

Additionally, the financial statements have also enumerated the various challenges that the management and staff faced during the year. Essentially the challenges continue to be highlighted to top management and solved on need basis.

During the current financial year 2023-2024 the County Government introduced the payment for the medical services offered in the facility whereby patients pay ksh 100 for patient card through a pay bill number 161660 which is a County government pay bill.

At the moment the County is in the process of passing a law through the county assembly whereby the monies collected ,85% go back to the facility to facilitate its daily operations while 15% go to the County Revenue fund account in the Central bank.

The main operational performance of Athi River Level 4 Hospital involves provision of health care services. However, while offering the services, the hospital collects some revenue from patients either in Mpesa-paybill or NHIF. The funds are transferred to County Revenue Fund (CRF) as per Public Financial Management (PFM) regulations 2015.Currently, the operations of the facility are managed by transfers from the County Government. The revenues are used to improve the facility and provide both curative and preventive care services to Athi River residents. The main challenges faced include;

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

- delay in disbursement of funds from the County Treasury and large patients work load vs available workforce.
- The facility lacks enough space (land) for expansion as well as lack of buildings to accommodate the growing need for more wards, consultation rooms, offices and store to facilitate the storage o supplies both medical and non-medical

Currently the facility has a bed capacity of 10 beds in the maternity ward and during the financial year the facility accommodated 551 inpatients(maternity) and 45,477 outpatients. Accidents/emergency attendance was 198 patients and special clinic attendance was 11,785.

The average stay for inpatient during the period was 24 hours with a bed occupancy rate of 80%. The mortality rate was 0.016%

Athi River Level 4 Hospital is governed by all medical regulatory frameworks, the constitution of Kenya 2010 and other statutory policies put in place either by the national or county government. To that extent, non –major non-compliance that may lead to contingent liabilities has been reported. The hospital has no pending court cases unless those of patients such as rape cases and which the facility must support upon request from law-enforcement agencies.

Key projects and investment decisions the entity is planning/implementing. The hospital is planning to implement the following projects

- a. Overhauling the plumbing system of the hospital
- b. Renovating and painting the whole hospital
- c. Planting trees around the hospital and open spaces
- d. Renovation and maintenance of the current buildings
- e. Construction of incinerator
- f. Automation of the hospital services
- g. Construction of a 200 bed capacity facility

construction of offices/store/more wards

The major risks facing Athi River level 4 Hospital and which the top management should address immediately for smooth operations and quality health care services include;

- Operational costs emanating from faulty, crossed system and out-dated medical equipment.
- Market risks resulting from competition from private sector offering quality health care

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

- services
- Delayed Cash flow from County Treasury
- Over stretched work force in some sections within the facility.
- Construction of offices and more consultation rooms to accommodate the increasing demand for mwananchi seeking medical services

Currently, the entity's has financial probity and as no serious governance issues which should be addressed. All staff statutory deductions such as PAYE, NSSF and NHIF are remitted by the County Government.



29/12/2024

Name: Jemimah Ndila

Medical Superintendent

7. Statement of Performance Against Predetermined Objectives

Athi River Level 4 Hospital has three (3) strategic objectives within the current Strategic Plan for the FY2023- 24. These objectives have been identified through a participatory process that reviewed the health priorities of the Governor’s Manifesto, the National Government’s “Big Four” and more specifically on Universal Health Care, NIUPLAN, SDGs and the MTP III. The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and health sector aspirations.

The strategic objectives are as follows;

- Free maternal health services (Linda Mama)
- Affordable health care services
- Strategic partnership with Donors for adequate funding

Athi River Level 4 Hospital develops its annual work plans based on the above three objectives.

Assessment of the management’s performance against its annual work plan is done on a quarterly basis.

The hospital achieved its performance targets set for the FY 2023/2024 period for its own strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Maternal health care Services	Provide free maternal health care services	Number of maternal deliveries	-Surgeries, pre-natal and post natal services -Normal Deliveries	Managed to achieve 99% free maternal health care services
Affordable and timely health care services	Ensure timely provision of health care services to all patients	Number of in-patients and out-patients served	-Treatment of in-patient and out-patient	Managed to improve timely health care provision from 65% to 75%
Strategic partnership	Conduct	Number of	Collaboration	Managed to

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

	sensitization and research in order to attract donors	donors offering financial support	with donors	collaborate with DANIDA and red cross
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8. Corporate Governance Statement

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

The Hospital Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County Department of Health Machakos County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance. This is done by the management because there is no Board of Management.

9. Management Discussion and Analysis

Athi river level 4 hospital is a level 4 facility located at the heart of Athi river town next to Mavoko sub County Offices. The main operational performance of Athi River Level 4 Hospital involves provision of health care services. However, while offering the services, the hospital collects some revenue from patients either in Mpesa-paybill or NHIF. The funds are transferred to County Revenue Fund (CRF) as per Public Financial Management (PFM) regulations 2015. Currently, the operations of the facility are managed by transfers from the County Government. The revenues are used to improve the facility and provide both curative and preventive care services to Athi River residents.

During the current financial year 2023-2024 the County Government introduced the payment for the medical services offered in the facility whereby patients pay ksh 100 for patient card through a pay bill number 161660 which is a County government pay bill.

At the moment the County is in the process of passing a law through the county assembly whereby the monies collected ,85% go back to the facility to facilitate its daily operations while 15% go to the County Revenue fund account in the Central bank.

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- delay in disbursement of funds from the County Treasury and large patients work load vs available workforce.
- The facility lacks enough space (land) for expansion as well as lack of buildings to accommodate the growing need for more wards, consultation rooms, offices and store to facilitate the storage o supplies both medical and non-medical

Currently the facility has a bed capacity of 8 beds in the maternity ward and during the financial year the facility accommodated 592 inpatients(maternity) and 34,840 outpatients. Accidents/emergency attendance was 198 patients and special clinic attendance was 11,785. The average stay for inpatient during the period was 24 hours with a bed occupancy rate of 80%. The mortality rate was 0.02%

Athi River Level 4 Hospital is governed by all medical regulatory frameworks, the constitution of Kenya 2010 and other statutory policies put in place either by the national or county government. To that extent, non –major non-compliance that may lead to contingent liabilities has been reported. The hospital has no pending court cases unless those of patients such as rape cases and which the facility must support upon request from law-enforcement agencies.

Key projects and investment decisions the entity is planning/implementing. The hospital is planning to implement the following projects

- a. Overhauling the plumbing system of the hospital
- b. Renovating and painting the whole hospital

Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

- c. Planting trees around the hospital and open spaces
- d. Renovation and maintenance of the current buildings
- e. Construction of incinerator
- f. Automation of the hospital services
- g. Construction of a 200 bed capacity facility
construction of offices/store/more wards

The major risks facing Athi River level 4 Hospital and which the top management should address immediately for smooth operations and quality health care services include;

- Operational costs emanating from faulty and out-dated medical equipment.
- Market risks resulting from competition from private sector offering quality health care services
- Delayed Cashflow from County Treasury
- Over stretched work force in some sections within the facility.
- Construction of offices and more consultation rooms to accommodate the increasing demand for mwananchi seeking medical services

Currently, the entity's has financial probity and as no serious governance issues which should be addressed. All staff statutory deductions such as PAYE, NSSF and NHIF are remitted by the County Government.



29/12/2024

Name: Jemmimah Ndila

Secretary to the Management Team

10. Environmental And Sustainability Reporting

Athi River Level 4 Hospital 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

The top management through the Medical superintendent or the accounting officer has collaborated with

Machakos Level 5 hospital and the top management to ensure quality medical services are offered to our patients and as per the international standards set by World Health Organization (WHO).

ii) Environmental performance

The hospital is in the process of developing world class environmental policy that will promote E-cycling of wastes to avoid health hazards that can negatively affect our clients and staff. However, financial challenges have negatively impacted on such ideas.

iii) Employee welfare

The hiring process of the medical practitioners and other staff is conducted by County Public Service Board in collaboration with mother department of Health and Emergency services. However, the posting and allocation of roles is done based on several elements among them, gender parity. Lastly, the welfare of the staff is highly valued based on the policy safety and compliance of the Occupational Safety and Health Act of 2007, (OSHA.)

iv) Corporate Social Responsibility / Community Engagements

Athi River Level 4 Hospital intends to conduct numerous CSR activities during the year on free- cancer and tuberculosis screening and treatments

11. Report of The Management

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

Principal activities

The principal activities of the entity are to provide quality health care services to the people of Mavoko Sub-County and its environs by preventing, controlling and eradicating diseases.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 9

Board of Management

No Board of Management for the facility during the financial year 2023-2024.

Auditors

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



29/12/2024

Name: Jemimah Ndila

Medical Superintendent

12. Statement of Management’s Responsibilities

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

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

The Management accepts responsibility for the entity’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 county government act number 17 of 2012). The management is of the opinion that the hospitals financial statements give a true and fair view of the state of hospitals transactions during the financial year ended June 30, 2024, and of the facility’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the facility, which have been relied upon in the preparation of the facility’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 entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

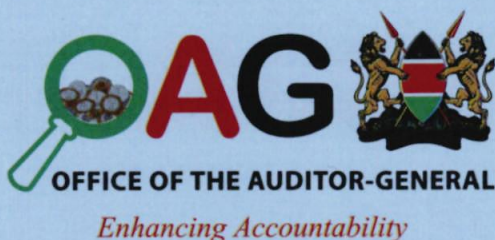
The Hospital’s financial statements were approved by the management on 29/12/2024 and signed on its behalf by:

.....
Name:
Chairperson


.....
Name: Jemmimah Ndila
Accounting Officer

REPUBLIC OF KENYA

Phone: +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 ATHI RIVER LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF MACHAKOS

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Athi River Level 4 Hospital set out on pages 1 to 58, which comprise of the statement of financial position as at

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

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

Basis for Qualified Opinion

1. Understatement of Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transactions of Kshs.2,584,766. The balance includes rendering of services and other income of Kshs.2,102,566 and Kshs.482,200 respectively. However, the system generated revenue report disclosed revenue collected between 16 October, 2023 and 30 June, 2024 amounting to Kshs.3,784,842 resulting in unexplained variance of Kshs.1,200,076. Further, records of revenue collected between 1 July 2023 and 15 October 2023 were not provided for audit review.

In the circumstances, the accuracy, completeness, presentation and disclosure of the revenue from exchange transactions of Kshs.2,584,766 could not be confirmed.

2. Un-Confirmed Inventories

The statement of financial position reflects inventories balance Kshs.972,869 as disclosed in Note 30 to the financial statements. However, Management did not provide for audit review the stock take report as at 30 June, 2024 to support existence and valuation of the inventory.

In the circumstances, the existence and accuracy of the inventories balance of Kshs.972,869 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit review.

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

4. Budget Variances

The statement of comparison of budget and actuals amounts reflects final receipts and expenditure budget of Kshs.11,784,166 each against actual expenditure of Kshs.11,175,420. However, the budget amounts vary with the County Governments approved budget for the hospital as reflected in the printed estimates of Kshs.30,600,000 by Kshs.18,815,834. Further, the Hospital's approved budget was not provided for audit review.

In the circumstances, the accuracy of the statement of comparison of budget and actuals amounts could not be confirmed.

Key Audit Matters

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

Other Information

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

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

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues nor given any explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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 Prepare Quarterly Revenue Reports

The Hospital did not provide evidence to show that quarterly reports were prepared and submitted to the County Treasury with a copy to the Auditor General. This is contrary to Regulation 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.

2. Deficiencies in Implementation of Universal Health Care (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital AS at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 84 or approximately 83% of the authorized establishment.

Staff Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	1	1	50
Registered Community Health Nurses	75	15	60	80
Radiologists	2	0	2	100
Totals	101	17	84	83

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

Service	Level 4 Standard	Actuals in the Hospital	Variance	Percentage %
Bed capacity	150	15	135	90
Resuscitaire in theatre	1	0	1	100
Resuscitaire in Labour ward	1	1	0	0
Functional ICU beds	6	0	1	100
Functional HDU Beds	6	0	6	100
Incubators in New Born Unit	5	1	4	80
Baby Cots	5	0	5	100
HDU Cots in New Born Unit	6	0	6	100
Operating Theatres (General & Maternity)	2	1	1	50
Renal Unit with dialysis machine	5	0	5	100
Land size	5 acres	2 acres	3 acres	60

Further, the Hospital is registered as a Level 3B medical facility as reflected in the Registration Certificate No. GK-009068 dated 24/01/2024.

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

In the circumstances, the Hospital may not be able to deliver on its mandate.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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. Lack of Hospital Management Board

During the year under review the Board of Management that is supposed to direct the Hospital in achieving its strategic objectives was not constituted. This is contrary to Section 11 of the Machakos County Health Services Act, 2021 that requires every hospital to have a Hospital Management Board.

In the circumstances, the Hospital may not achieve its strategic objectives.

2. Expired Medical Supplies

Physical verification of the pharmaceutical stocks revealed that the hospital was in possession of expired drugs received from the year 2019 to date whose value could not be determined. No explanation was provided for failure to dispose the expired drugs.

In the circumstances, the effectiveness of internal controls on management of pharmaceutical and non-pharmaceutical inventory to achieve the Hospital mandate could not be confirmed.

3. Lack of ICT and Risk Management Policies

Review of records reveal that Management had not formulated and documented an ICT Policy and a Risk Management Policy for the Hospital. Therefore, there were no measures in place to mitigate against emerging risks in the Hospital's Day to day operations.

In the circumstances, the ability of the Hospital to identify threats or risks and various strategies of minimizing their impact may be compromised.

4. Failure to Maintain Fixed Assets Register

It was noted that the Hospital does not maintain a fixed assets register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 January, 2025

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Notes	2023/24	2022/23
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	6	9,199,400	3,079,820
In-kind contributions from the County Government	7	-	13,924,014
Grants from donors and development partners	8		
Transfers from other Government entities	9	-	3,255,983
Public contributions and donations	10		
		9,199,400	20,259,816
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	2,102,566	370,800
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Other income (specify)	14	482,200	-
Revenue from exchange transactions		2,584,766	370,800
Total revenue		11,784,166	20,629,816
Expenses			
Medical/Clinical costs	15	6,193,168	16,316,800
Employee costs	16	809,150	484,500
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	1,301,909	1,602,392
Grants and subsidies	20	-	-
General expenses	21	2,871,193	1,958,730
Finance costs	22		-
Total expenses		11,175,420	20,362,422
Other gains/(losses)			
Gain on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus/ (Deficit) for the year		608,746	267,394

Athi River Hospital (Machakos County Government)

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

The Hospital's financial statements were approved by the management on

29/12/24

and signed on its behalf by:



.....
Name:
Chairman

.....
Name: Eric Milo
Head of Finance
ICPAK No:

.....
Name: Jemimah Ndila
Medical Superintendent

Management Team

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

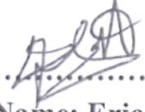
Description	Notes	2023/24 Kshs	2022/23 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,226,995	1,618,248
Receivables from exchange transactions	28	1,450,000	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	972,869	669,599
Total Current Assets		4,649,864	2,287,847
Non-current assets			
Property, plant, and equipment	31	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		-	-
Total assets (A)		4,649,864	2,287,847
Liabilities			
Current liabilities			
Trade and other payables	34	1,753,272	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
Total Current Liabilities		1,753,272	-
Non-current liabilities			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession Arrangements	40	-	-
Total Non-current liabilities		-	-
Total Liabilities (B)		1,753,272	-

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


Net assets (A-B)		2,896,592	2,287,847
Revaluation reserve		-	-
Accumulated surplus/Deficit		2,896,592	2,287,847
Capital Fund		-	-
Total Net Assets		2,896,592	2,287,847

The Hospital's financial statements were approved by the management on 29-12-24 and signed on its behalf by:

.....
Name:
Chairman
Management Team



Name: Eric Milo
Head of Finance
ICPAK No:



Name: Jemimah Ndila
Medical Superintendent

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Fund	Total
As at July 1, 2022(previous year)	-	2,020,453	-	-	2,020,453
Revaluation gain	-	-	-	-	-
Surplus/(deficit) for the year	-	267,394	-	-	267,394
Capital/Development grants	-	-	-	-	-
As at June 30, 2023 (previous year)	-	2,287,847	-	-	2,287,847
At July 1, 2023 (current year)	-	2,287,847	-	-	2,287,847
Revaluation gain	-	-	-	-	-
Surplus/(deficit) for the year	-	608,746	-	-	608,746
Capital/Development grants	-	-	-	-	-
At June 30, 2024 (current year)	-	2,896,592	-	-	2,896,592

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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


Description	Notes	2023/24 Kshs	2022/23 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	9,199,400	3,079,820
Grants from donors and development partners		-	-
Transfers from other Government entities		-	3,255,983
Public contributions and donations		-	-
Rendering of services- Medical Service Income	11	2,102,566	370,800
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts	14	482,200	-
Total Receipts		11,784,166	6,706,603
Payments			
Medical/Clinical costs	15	6,193,168	2,392,786
Employee costs	16	809,150	484,500
Board of Management Expenses	17	-	-
Repairs and maintenance	19	1,301,909	1,602,392
Grants and subsidies	20	-	-
General expenses	21	2,871,193	1,958,730
Finance costs	22	-	-
Refunds paid out		-	-
Total Payments		11,175,420	6,438,409
Net cash flows from operating activities	42	608,746	268,194
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024


Description	Notes	2023/24 Kshs	2022/23 Kshs
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		608,746	268,194
Cash and cash equivalents at 1 July		1,618,249	1,350,055
Cash and cash equivalents at 30 Jun		2,226,994	1,618,249

The Hospital's financial statements were approved by the management on 29-12-24 and signed on its behalf by:

.....
Name:
Chairman
Management Team



Name: Eric Milo
Head of Finance
ICPAK No:



Name: Jemimah Ndila
Medical Superintendent

*Athi River level 4 Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

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

Description	Original budget	Adjustments	Final budget	Actual no. comparable Kshs		Performance difference	e=(c-d)	f=d/c %
	a	b	c=(a+b)	d				
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs			Kshs
Transfers from the County Government	9,199,400	-	9,199,400	9,199,400	-			100%
Grants from donors and development partners	-	-	-	-	-			
Transfers from other Government entities	-	-	-	-	-			
Public contributions and donations	-	-	-	-	-			
Rendering of services- Medical Service Income	2,102,566	-	2,102,566	2,102,566	-			100%
Revenue from rent of facilities	-	-	-	-	-			
Finance / interest income	-	-	-	-	-			
Miscellaneous receipts	482,200	-	482,200	482,200	-			100%
Total income	11,784,166	-	11,784,166	11,784,166	-			100%
Expenses								
Medical/Clinical costs	6,393,168	-	6,393,168	6,193,168	200,000			97%
Employee costs	809,150	-	809,150	809,150	-			100%
Remuneration of directors	-	-	-	-	-			0%

Athi River Hospital (Machakos County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs		Kshs
	-	-	-	-	-	
Repairs and maintenance	1,501,909	-	1,501,909	1,301,909	200,000	87%
Grants and subsidies		-			-	0%
General expenses	3,079,939	-	3,079,939	2,871,193	208,746	93%
Finance costs		-			-	0%
Refunds		-			-	0%
Inventories	-	-	-	-	-	0%
Total expenditure	11,784,166	-	11,784,166	11,175,420	608,746	95%
Surplus for the period	-	-	-	608,746	(608,746)	
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Athi River level 4 Hospital is established by and derives its authority and accountability from gazette notice number 786 of 4th February 2020Act. The entity is wholly owned by the County Government of Machakos and is domiciled in Machakos County in Kenya. The entity's principal activity is provision of medical services to Mwananchi.

2. Statement of Compliance and Basis of Preparation

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that</p>

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

Standard	Effective date and impact
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Notes to the Financial Statements (Continued)

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023-2024 was approved by management on 12th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2023-2024 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 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 are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

Notes to the Financial Statements (Continued)

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes. Provisions are measured at the management's best estimate of the expenditure required to settle

the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Transfers from the County Government

Description	2023/24	2022/23
	KShs	KShs
Unconditional Grants		
Operational Grant	9,199,400	3,079,820
Level 5 Grants	-	-
Unconditional Development Grants	-	-
Other Grants	-	-
	9,199,400	3,079,820
Conditional Grants		
User Fee Forgone	-	-
Transforming Health Services For Universal Care Project (THUCP)	-	-
DANIDA	-	-
Wards Development Grant	-	-
Paediatric Block Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Total Government Grants And Subsidies	9,199,400	3,079,820

Notes to the Financial Statements (Continued)

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund,	Total grant income during the period	2022/23
	Kshs	Kshs	Kshs	Kshs	Kshs
Machakos County Government	9,199,400	-	-	9,199,400	3,079,820
Total	9,199,400	-	-	9,199,400	3,079,820

7. In Kind Contributions from The County Government

Description	2023/24	2022/23
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	-	13,924,014
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Utility bills	-	-
Total grants in kind	-	13,924,014

8. Grants From Donors and Development Partners

Description	2023/24	2022/23
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (specify)	-	-
Total grants from development partners	-	-

Notes to the Financial Statements (Continued)

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

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

9. Transfers From Other Government Entities

Description	2023/24	2022/23
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	3,255,982
Total Transfers	-	3,255,982

10. Public Contributions and Donations

Description	2023/24	2022/23
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(specify)	-	-

Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2023/24 KShs	2022/23 KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

11. Rendering of Services-Medical Service Income

Description	2023/24 KShs	2022/23 KShs
Pharmaceuticals		370,800
Non-Pharmaceuticals	-	
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance Services	-	-
Other medical services income	2,102,566	-
Total revenue from the rendering of services	2,102,566	370,800

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2023/24	2022/23
	KShs	KShs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

13. Finance /Interest Income

Description	2023/24	2022/23
	KShs	KShs
Interest Income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

Description	2023/24	2022/23
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
Others	482,200	-
Total Miscellaneous income	482,200	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2023/24	2022/23
	KShs	KShs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	1,941,290	65,000
Public health activities	-	-
Food and Ration	569,178	835,590
Uniform, clothing, and linen		-
Dressing and Non-Pharmaceuticals	2,502,282	1,117,683
Pharmaceutical supplies	386,790	40,130
Health information stationery	250,093	110,800
Reproductive health materials	-	-
Sanitary and cleansing Materials	543,535	133,584
Purchase of Medical gases		-
X-Ray/Radiology supplies		90,000
Other medical related clinical costs		
	6,193,168	2,392,787
Inkind Contributions(Medical supplies)		13,924,014
Total medical/ clinical costs	6,193,168	16,316,800

16. Employee Costs

Description	2023/24	2022/23
	KShs	KShs
Salaries, wages, and allowances	809,150	484,500
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	809,150	484,500

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2023/24	2022/23
	KShs	KShs
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	-	-

18. Depreciation and Amortization Expense

Description	2023/24	2022/23
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

19. Repairs and Maintenance

Description	2023/24	2022/23
	KShs	KShs
Property- Buildings	802,079	1,437,307
Medical equipment	-	14,440
Office equipment	151,450	2,500
Furniture and fittings	105,880	-
Computers and accessories	5,000	800
Motor vehicle expenses	237,500	97,495
Maintenance of civil works	-	49,850
Total repairs and maintenance	1,301,909	1,602,392

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2023/24	2022/23
	KShs	KShs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses		
Other grants and subsidies(specify)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2023/24	2022/23
	KShs	KShs
Advertising and publicity expenses	-	-
Catering expenses	247,110	32,090
Waste management expenses	57,767	271,849
Insecticides and rodenticides	100,000	-
Audit fees	-	-
Bank charges	10,400	8,580
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	154,100	-
Fuel and Lubricants	842,650	1,325,000
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	29,940	
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	939,076	156,211
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	110,700	100,000
Skills development levies		-
Telephone and mobile phone services	259,450	65,000

Internet expenses	30,000	-
Staff training and development	90,000	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	2,871,193	1,958,730

22. Finance Costs

Description	2023/24	2022/23
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	2023/24	2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (specify)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2023/24	2022/23
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2023/24	2022/23
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	-	-

26. Impairment Loss

Description	2023/24	2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash and Cash Equivalents

Description	2023/24	2022/23
	KShs	KShs
Current accounts	2,226,995	1,618,248
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(specify)- Mobile money	-	-
Total cash and cash equivalents	2,226,995	1,618,248

Notes to the Financial Statements (Continued)

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

Description		2023/24	2022/23
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial Bank	01141065743500	2,226,995	1,618,248
		-	-
Sub- total		2,226,995	1,618,248
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
Cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		2,226,995	1,618,248

Notes to the Financial Statements (Continued)

28. Receivables From Exchange Transactions

Description	2023/24	2022/23
	KShs	KShs
Medical services receivables	1,450,000	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	1,450,000	-

Analysis of Receivables From Exchange Transactions

Description	2023/24		2022/23	
	KShs		KShs	
	2023/24	% of the total	2022/23	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

Description	2023/24	2022/23
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

Description	2023/24		2022/23	
	KShs		KShs	
	2023/24	% of the total	2022/23	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

Notes to the Financial Statements (Continued)

30. Inventories

Description	2023/24	2022/23
	KShs	KShs
Pharmaceutical supplies	972,869	669,599
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	972,869.30	669,599

*Athi River Level 4 Hospital (Machakos County Government)
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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land Kshs	Buildings and Civil works Kshs	Motor vehicles Kshs	Furniture, Fittings and Office Equipment Kshs	ICT Equipment Kshs	Plant and medical equipment Kshs	Capital Work in progre ss Kshs	Total Kshs
Cost								
As at 01/07/ 2022 (Previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30/06/ 2023	-	-	-	-	-	-	-	-
As at 01/07 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2023/24	2022/23
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

33. Investment Property

Description	2023/24	2022/23
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year		
Fair value gain	-	-
Depreciation (where investment property is at cost)	-	-
Impairment		
At end of the period	-	-

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2023/24		2022/23	
	KShs		KShs	
Trade payables	1,753,272		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	1,753,272		-	
Ageing analysis:	2023/24	% of the Total	2022/23	% of the total
Under one year	1,753,272	100%		%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	1,753,272	100%	-	%

35. Refundable Deposits from Customers/Patients

Description	2023/24		2022/23	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	-		-	
Ageing analysis:	2023/24	% of the	2022/23	% of the

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		Total		Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

36. Provisions

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

Notes to the Financial Statements (Continued)

37. Finance Lease Obligation

Description	2023/24	2022/23
	KShs	KShs
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation	-	
Total		

38. Deferred Income

Description	2023/24	2022/23
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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

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

Notes to the Financial Statements (Continued)

39. Borrowings

Description	2023/24	2022/23
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

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

Description	2023/24	2022/23
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

40. Service Concession Arrangements

Description	2023/24	2022/23
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

Notes to the Financial Statements (Continued)

41. Social Benefits

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Description	2023/24	2022/23
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

42. Cash Generated from Operations

Description	2023/24	2022/23
	KShs	KShs
Surplus for the year before tax	608,746	
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(303,270)	-
Increase in receivables	(1,450,000)	-
Increase in deferred income	-	-
Increase in payables	1,753,272	-
Increase in payments received in advance	-	-
Net cash flow from/used in operating activities	608,748	-

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances				
Total	-	-	-	-
At 30 June 2024 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions				
Bank balances	-	-	-	-
Total				

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2024 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2023: KShs). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs (2024 – KShs).

iv) Capital Risk Management

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

Description	2023/2024	2022/2023
	KShs	KShs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transactions with related parties		
a) Services offered to related parties		
Services	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		

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Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

45. Segment Information

46. Contingent Liabilities

Contingent Liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

47. Capital Commitments

Capital Commitments	2023/2024	2022/2023
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

Notes to the Financial Statements (Continued)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Machakos.

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Misstatement of Property, Plant and Equipment Balance	The management will work with the department responsible for valuation of the county assets to ensure the hospital assets are valued so as to reveal/disclose the accurate and correct carrying amount/ Net book value as provided for by paragraph 49 of IPSAS 17.	Not resolved	On going
2	Unconfirmed Inventories	A stock take of all pharmaceutical supplies was carried out by the department of health through the office of the chief pharmacist. due to the gaps realized in the exercise. The management has taken the initiative of installing a new health information system which is able to record and reconcile all the supplies received by the hospital and currently the system is in use	Resolved	



JEMIMA N. MBITI

Accounting Officer

29/12/2024

*Athi River Level 4 Hospital (Machakos County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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



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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Machakos County Treasury

Name of Beneficiary entity: Athi River Level 4 Hospital

Confirmation of amounts received by [Athi River Level 4 Hospital] as at 30th June 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	18-Aug-23	2,599,400	0	2,599,400	Received
	17-Nov-23	2,600,000	0	2,600,000	Received
	14-Feb-24	2,000,000	0	2,000,000	Received
	23-May-24	2,000,000	0	2,000,000	Received
Total		9,199,400		9,199,400	

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

Head of Accounts Department - Disbursing Entity:

Name *ERIC MILE* Sign *[Signature]* Date *29-12-24*

Head of Accounts Department - Beneficiary Entity:

Name Sign Date

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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		

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Appendix V: Disaster Expenditure Reporting Template

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