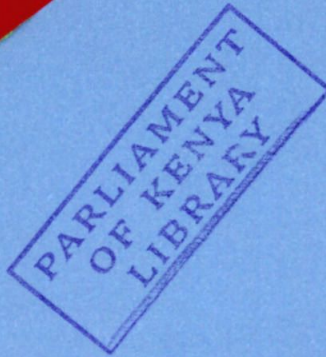
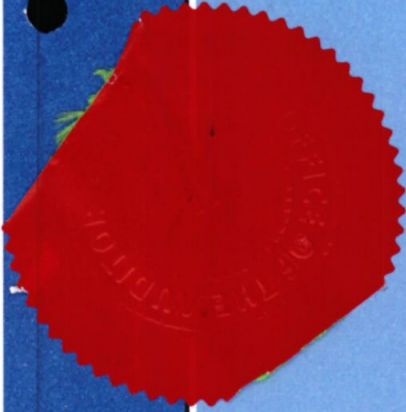


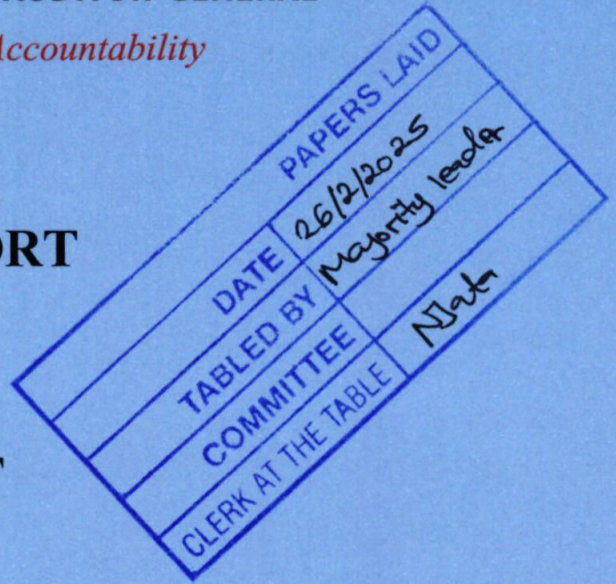
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



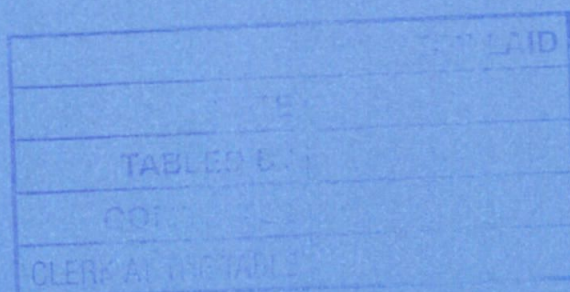
OF

THE AUDITOR-GENERAL

ON

**TAMBACH SUB-COUNTY HOSPITAL –
COUNTY GOVERNMENT OF
ELGEYO MARAKWET**

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



✓

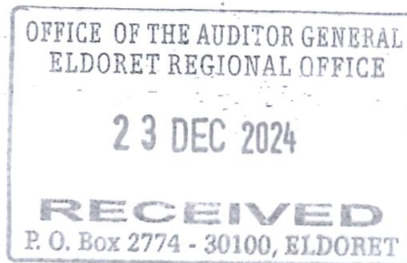


TAMBACH SUB-COUNTY HOSPITAL ELGEYO MARAKWET COUNTY GOVERNMENT

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)



***Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024***

Table of Contents

1. Acronyms &Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	v
4. Key Management Team.....	vii
5. Chairman’s Statement.....	vii
6. Report of The Medical Superintendent.....	ix
7. Statement of Performance Against Predetermined Objectives	x
8. Corporate Governance Statement	xii
9. Management Discussion and Analysis	xv
10.Environmental And Sustainability Reporting.....	xvii
11.Report of the Board of Management.....	xix
12.Statement of Board of Management’s Responsibilities	xx
13.Statement of Financial Performance for The Year Ended 30 June 2024	1
14.Statement of Financial Position As At 30th June 2024.....	2
15.Statement of Changes in Net Asset for The Year Ended 30 June 2024	3
16.Statement of Cash Flows for The Year Ended 30 June 2024	4
17.Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2024	Error! Bookmark not defined.
18.Notes to the Financial Statements	6

1. Acronyms & Glossary of Terms

A: Acronyms and Abbreviations

ALOS - Average Length of Stay
ANC - Antenatal Care

A& E - Accident and Emergency
CBK - Central Bank of Kenya

CEO - Chief Executive Officer

CMES - Continuing Medical Education
CO2 - Carbon Dioxide

Covid19 - Coronavirus Disease 2019
CPA - Certified Public Accountant

CSR - Corporate Social Responsibility
CT - Computed Tomography
DG - Director General
EEC - Executive Expenditure Committee
ENT - Ear Nose and Throat
FIF - Facility Improvement Financing
FY - Financial Year

GOPC - Medical Outpatient Clinic
H.E - His Excellency
HDU - High Dependency Units
HMB - Hospital Management Board
HMC - Hospital Management Committee

HMT - Hospital Management Team
HOD - Head of Department
IHRM - Institute of Human Resource Management
ICPAK - Institute of Certified Public Accountants of Kenya
ICPAK - Institute of Certified Public Accountants of Kenya

TSCH - Tambach Sub County Hospital
ICT - Information and Communication Technology
ICU - Intensive Care Unit
IPSAS - International Public Sector Accounting Standards
IPSASB - International Public Sector Accounting Standards Board
KEMSA - Kenya Medical Supplies Authority
KDSP - Kenya Devolution Support Programme
KMTC - Kenya Medical Training College
MEDS - Mission for Essential Drugs and Supplies
MOH - Ministry of Health
MOPC - Medical Outpatient Clinic
NHIF - National Hospital Insurance Fund
NSSF - National Social Security Fund
OAG - Office of the Auditor General
OEO - Operation Eyesight Universal
OSHA - Occupational Safety and Health Act of 2007
PFM - Public Finance Management
POPC - Paediatrics Outpatient Clinic
PPE - Property Plant & Equipment
PPP - Public Private Partnership
PSASB - Public Sector Accounting Standards Board
QHC - Quality Healthcare
SDGS - Sustainable Development Goals
SNA - System of National Accounts
SOPC - Surgical Outpatient Clinic
WB - World Bank

B: Glossary of Terms

Fiduciary Management - Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year - Means the prior period.

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

2. Key Entity Information and Management

(a) Background information

Tambach Sub-County hospital is a level 4 hospital sitting on a 2.5-ha plot of land, established around the year 1930. The hospital is domiciled in Elgeyo Marakwet County under the Health and Sanitation Department. The hospital is governed by a Board of Management. The Hospital was gazetted as level 4 hospital in the year 2020 via Gazette Notice no. 3335.

(b) Principal Activities

The core mandate of the hospital is to provide high quality health care services to the community. The hospital plays its role in the county by providing a wide range of health services in partnership with the greater community and other institutions. Some of the roles played by the hospital in the county include: Serving as a sub county centre for provision of general health care and providing technical support to health centres and dispensaries.

Vision

To provide quality and efficient specialized services to its clients hence achieving excellence in healthcare for all.

Mission

Ensuring the community has equitable access to high quality patient centred specialized services that are: Timely, evidence-based, culturally appropriate and efficient; Provided by highly skilled staff who are committed, accountable and valued; and supported by leading edge research, education and technologies.

Core Values

- Team Work
- Openness
- Respect
- Empowerment
- Confidentiality

(c) Key Management

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

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

(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	Mr Andrew Cheruiyot
2.	Head of Nursing Services	Mr Godfrey Sawe
3.	Head of Laboratory service	Mr James Kebenei
4.	Head of Pharmaceutical services	Mr Titus Silal
5.	Hospital administrator	Mr George Kipyatich
6.	Director Medical services	Dr. Isaac Kipyego
7.	Chief Officer Health and Sanitation	Mr Jeremiah Chirchir
8.	Director Accounting Services	Mr Johnkeen Murkeu

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024






No.	Designation	Name
9.	Chief Officer Finance and Economic Planning	Mr Peter Chesos

- (e) **Fiduciary Oversight Arrangements**
i) Board of Management
ii) County Audit Committee
iii) County Assembly Department Committee on Health
- (f) **Entity Headquarters**
Tambach Sub county Hospital,
Located at: Iten Kabarnet Road, Tambach,
P.O. Box 331-37000,
Iten, Kenya
- (g) **Entity Contacts**
Telephone: (+254) 727510409
E-mail: tambachhospital@gmail.com
- (h) **Tambach sub county Hospital Bankers**
Kenya Commercial Bank Limited, Iten Branch,
P. O. Box 30081 - 00100,
Nairobi, Kenya.




Equity Bank Limited, Iten Branch,
P.O. Box 75104 – 00200,
Nairobi, Kenya.
- (i) **Independent Auditors**
Office of Auditor General,
Kenya National Audit Office,
Anniversary Towers, University Way,
P.O. Box 30084,
GPO 00100,
Nairobi, Kenya.
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (k) **County Attorney**

P.O. Box.332 – 30700,
Iten, Kenya

3. The Board of Management








Ref	Directors	Details
1.	 Hon. James Chirchir Board Chairman	<p>Hon. James Chirchir has been serving as the Chairman of the TSCH Board of Management since his appointment on December 19, 2023. His leadership is supported by a wealth of experience, including his tenure as a Nominated Member of the Elgeyo Marakwet County Assembly from 2017 to 2022.</p> <p>Hon. Chirchir holds a Bachelor of Arts degree in Economics and a Diploma in Banking. Additionally, he is an Associate Member of the Kenya Institute of Bankers, reflecting his commitment to professional excellence in the financial sector.</p>
2.	 Mr. Andrew Cheruiyot Medical Superintendent	<p>Mr. Andrew Cheruiyot serves as the Medical Superintendent and Secretary of the Tambach Sub-County Hospital Board of Management.</p> <p>With 14 years of experience as a dedicated medical professional, Mr. Cheruiyot has played a pivotal role in healthcare management and service delivery.</p> <p>He holds a Diploma in Clinical Medicine and Surgery from the Kenya Medical Training College (KMTC), Nakuru Campus, highlighting his</p>
3.	 Dr Philomena Tanui	<p>Dr. Philomena Tanui serves as a Board Member of the TSCH Board of Management.</p> <p>She holds a PhD in Philosophy, demonstrating her academic excellence and commitment to advancing knowledge and leadership in her field.</p>
4.	 Mr Reuben Kimosop	<p>Mr. Reuben Kimosop serves as a Board Member of the TSCH Board of Management.</p> <p>He is also a catechist at St. Peter Kewapsos Catholic Church, Tambach Parish, where he is actively involved in spiritual leadership and community service.</p>
5.	 Clr. Peter Barngetuny	<p>Clr. Peter Barngetuny serves as a Board Member of the TSCH Board of Management.</p> <p>He holds a Diploma in County Governance from JKUAT University, reflecting his expertise in local governance and public administration.</p>

*Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024*

6.	 Mrs Francisca Ayabei	<p>Mrs. Francisca Ayabei serves as a Board Member of the TSCH Board of Management.</p> <p>A retired teacher by profession, she holds a Bachelor of Education degree, showcasing her dedication to education and community development.</p>
7.	 Mr. Nathan Kipyego	<p>Mr. Nathan Kipyego serves as a Board Member of the TSCH Board of Management.</p> <p>He holds a Diploma in Public Health from KMTC Kabarnet Campus, highlighting his expertise in promoting community health and well-being.</p>
8.	 Fr. Edwin Kangogo.	<p>Fr. Edwin Kangogo serves as a Board Member of the TSCH Board of Management.</p> <p>He holds a Bachelor of Theology degree, reflecting his strong foundation in theological studies and commitment to spiritual and community leadership.</p>

**Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024**

4. Key Management Team

Ref	Management	Details
1	 Mr Andrew Cheruiyot	Medical Superintendent
2	 Mr Godfrey Sawe	Head of nursing service
3	 Mr. James Kebenei	Head of Laboratory Services
4	 Mr. Titus Silal	Head Of Pharmaceutical Services
	 Mr. George Kipyatich	
6	 Dr. Isaac Kipyego MBCh/MMED Family	Director Medical Services
7	 Mr. John Keen Murkeu MBA-Finance, CPA(K)	Director Accounting services

5. Chairman's Statement



I am pleased to present the financial statement for Tambach Sub-County Hospital for the fiscal year ended 30th June, 2024. This report highlights our commitment to

***Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024***

delivering high-quality healthcare services, fostering innovation, and ensuring prudent financial management to support the hospital's strategic goals.

During the year under review, Tambach Sub-County Hospital made significant strides in enhancing healthcare delivery and strengthening its role as a cornerstone of the county's health system. Despite the challenges posed by resource constraints and growing patient demand, the hospital maintained a strong focus on service delivery.

The financial performance of Tambach Sub-County Hospital reflects prudent fiscal management and a strategic focus on resource optimization. Our revenues were bolstered by in-kind contributions from the County Government, which supported critical areas such as staff salaries and the procurement of essential pharmaceuticals and non-pharmaceuticals. This financial support, coupled with internally generated revenue from medical services, has enabled the hospital to maintain a positive financial position.

During the year under review, Tambach Sub-County Hospital achieved significant milestones aimed at enhancing service delivery and infrastructure. The hospital expanded its services to include maternal and child health, diagnostics, and outpatient services, which significantly increased patient access to quality healthcare. Quality of care was enhanced through evidence-based practices and continuous training for healthcare personnel. Additionally, the hospital had improvements in key infrastructure such as renovated wards, expanded outpatient facilities, and upgraded water and sanitation systems to support infection prevention and control. These advancements have strengthened the hospital's capacity to deliver efficient, patient-centered care.

The Board of Management remains steadfast in its commitment to good governance and accountability. We have implemented measures to ensure efficient resource utilization, transparent reporting, and adherence to statutory regulations.

As we move forward, Tambach Sub-County Hospital will focus on expanding quality healthcare services, upgrading medical infrastructure, and embracing technology to enhance service delivery. Additionally, we will continue to strengthen partnerships with the County Government, donors, and other stakeholders to mobilize resources and improve healthcare access for our community.

On behalf of the Board of Management, I extend my gratitude to the County Government, hospital staff, partners, and the community for their unwavering support and dedication. Together, we will continue striving towards achieving our vision of being a leading provider of equitable, high-quality healthcare services.



.....
Hon. James Chirchir
Chairman to the Board

6. Report of The Medical Superintendent



I am pleased to present the report for Tambach Sub-County Hospital for the fiscal year ending 30th June, 2024. This year has been marked by both challenges and significant achievements in providing healthcare to the people of Elgeyo Marakwet County.


The dedication of our healthcare team, along with strong collaboration with the County Government and development partners, has allowed us to make notable strides in improving the health and well-being of the community.

Throughout the year, the hospital made considerable progress in addressing the growing healthcare needs of the population. We enhanced patient care quality, and bolstered our technical and training capabilities to keep pace with the increasing demand for healthcare services. These accomplishments reflect the hard work of our staff, the continued support of the County Government, and our partnerships with development organizations.

Despite these advancements, the hospital faces ongoing challenges, including resource constraints, staffing gaps, and the need for more specialized services and medical equipment. Additionally, infrastructure improvements are necessary to meet the rising healthcare demands. However, through the collaborative support of the County Government and our partners, we have been able to make significant progress in addressing these issues.

Looking ahead, Tambach Sub-County Hospital will continue to focus on introducing specialized care, improving diagnostic capabilities, and maintaining the highest standards of patient safety. We are committed to advancing staff training to ensure they remain equipped with the latest knowledge and skills in modern healthcare practices.

I wish to express my deepest gratitude to the hospital staff for their dedication and compassion, and to the County Government, development partners, and the Board of Management for their invaluable support. Together, we will continue to provide high-quality, accessible, and compassionate healthcare to the people of Elgeyo Marakwet County.


.....

**MR. Andrew Cheruiyot
SECRETARY TO BOARD**

7. Statement of Performance Against Predetermined Objectives

This section provides a summary of the performance of Tambach Sub-County Hospital for the fiscal year ending 30th June, 2024, against key objectives in governance, infrastructure, finances, and human resources. These objectives were designed to enhance service delivery to the people of Elgeyo Marakwet County.

1. Strengthen Governance and Oversight

The hospital recognized the importance of solid governance structures to ensure effective management, transparency, and accountability. This objective focused on enhancing the oversight provided by the Board of Management and engaging relevant stakeholders in decision-making processes.

2. Upgrade and Expand Hospital Infrastructure

The objective aimed to improve the hospital's infrastructure, including upgrading medical facilities, renovating patient wards, and enhancing sanitation services to support a more efficient healthcare environment. With the growing patient numbers, modernizing hospital infrastructure was seen as vital for improving service delivery.

3. Improve Financial Management and Sustainability

In line with the hospital's commitment to operational efficiency and long-term sustainability, this objective focused on improving financial management practices, optimizing the use of available resources, and strengthening efforts to mobilize additional funding. The goal was to ensure that the hospital could continue to provide quality care while maintaining financial stability.

4. Enhance Human Resource Capacity and Development

The hospital's ability to deliver high-quality care depends largely on the skills, dedication, and expertise of its healthcare personnel. This objective aimed to recruit qualified staff to address staffing gaps, promote professional development, and ensure the hospital had the necessary human resources to meet increasing healthcare demands.

Strategic Pillar	Objective	Key Performance	Activities	Achievements
Governance, leadership and management	Strengthen Governance and Oversight	- Number of board meetings held - Compliance with regulations	- Conduct regular board meetings - Review operational performance	- Achieved. - Regular board meetings held, active oversight, and enhanced transparency.
Infrastructure	Upgrade and Expand Hospital Infrastructure	- Number of patient wards renovated - Expansion of outpatient	- Renovation of wards - Expansion of outpatient services	- Achieved. - Key patient wards renovated, outpatient services

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

		services	Upgrade of sanitation facilities	expanded, sanitation facilities upgraded, and new medical equipment procured.
Finances	Improve Financial Management and Sustainability	Budget efficiency Resource mobilization and funding raised	Optimize resource allocation Secure additional funding Increase revenue through services	Partially Achieved. Financial management processes improved, additional funding from partners secured, and revenue generation increased.
Human Resources	Enhance Human Resource Capacity and Development	Staffing levels in key areas Number of professional development programs completed	Recruit healthcare personnel Implement training programs Provide internships for medical trainees	Achieved. Staffing gaps addressed, professional development programs implemented, and internships expanded.

8. Corporate Governance Statement

Tambach Sub-County Hospital is committed to maintaining the highest standards of corporate governance in its operations. We recognize that strong governance structures and practices are essential for the hospital's success in delivering quality healthcare services to the people of Elgeyo Marakwet County. This Corporate Governance Statement outlines the key governance principles, practices, and structures that guide our decision-making and ensure accountability, transparency, and efficiency in all aspects of hospital operations.

Governance Structure

The governance of Tambach Sub-County Hospital is overseen by a Board of Management, which provides strategic direction and ensures that the hospital operates in accordance with the relevant laws, regulations, and best practices. The Board is responsible for approving policies, budgets, and major initiatives, while also overseeing the performance of the hospital's management team. The Board of Management operates in a transparent and accountable manner, holding regular meetings to review the hospital's performance and make critical decisions in line with the hospital's strategic goals.

The hospital is managed by the Medical Superintendent, who is supported by a team of senior management professionals responsible for the day-to-day operations of the hospital. The Medical Superintendent reports directly to the Board of Management and ensures that the hospital's objectives are implemented effectively and efficiently.

Board of Management Composition and Responsibilities

The Board of Management comprises individuals with diverse expertise in healthcare, finance, administration, and governance. This diversity allows the Board to provide well-rounded and strategic oversight of the hospital's activities. The members of the Board of Management who served during the year are as shown below:

Table 2: Board Composition

Board member	Board position	Appointment date	Retire date
James Chirchir	Chairperson	19/12/2023	19/12/2026
Peter Barngatuny	Member	19/12/2023	19/12/2026
Nathan Kipyego	Member	19/12/2023	19/12/2026
Francisca Kwambai	Member	19/12/2023	19/12/2026
Reuben Kimosop	Member	19/12/2023	19/12/2026
Kangogo Edwin	Member	19/12/2023	19/12/2026
Dr Flomena Tanui	Member	19/12/2023	19/12/2026
Rober korir	Member	19/12/2023	19/12/2026
Andrew Cheruiyot	Secretary	19/12/2023	19/12/2026

Role of the Chairman

The Chairman holds the responsibility for providing strategic leadership to the board, playing a pivotal role in fostering conditions for the board's overall effectiveness. These include

promoting an open environment for discussion, ensuring all members can freely express their views and contribute effectively. The Chairman also ensures that the board actively participates in shaping the Hospital's strategies and policies. Moreover, they oversee the scheduling of board meetings as needed and ensure that members receive accurate, timely, and adequate information to fulfill their duties effectively.

Role of the Board

The Board of Management, with the support of Board Committees and the Secretary-Medical Superintendent, bears the responsibility for promoting good corporate governance and stewardship of the Hospital. The Board, with its Committees, offers strategic guidance, while the Hospital in charge, aided by the Hospital Management Team, is accountable to the Board for executing the strategy. Board members are expected to demonstrate responsibility, prudence, and skillfulness in carrying out their fiduciary duties on behalf of the Hospital.

The roles and responsibilities of the Board as set out in the Board Charter include:

- (i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- (ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans.
- (iii) Providing oversight in financial reporting to the Government and communication to stakeholders.
- (iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives.
- (v) Safeguarding Hospital assets by instituting appropriate internal control systems.
- (vi) Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- (vii) Overseeing business affairs of the Hospital in light of emerging risks and opportunities.
- (viii) Ensuring the Hospital complies with all relevant laws, regulations and codes of best business practices.
- (ix) Approving annual budgets.

Board work plan and meetings

A work plan outlining an annual schedule of meetings for the Board and its committees is prepared in advance. The Chairman, in collaboration with the Hospital in charge, determines the agenda for each Board meeting, which is then circulated to members at least seven days prior to the meeting.

In the year under review, the Board held a total of 4 meetings to consider pertinent issues relating to strategy, business performance and sustainability of the Hospital.

Table 3: Board and committee meeting attendance

Board Member /Total No of meetings	Board meetings
	3
James Chirchir	2/3
Peter Barngetuny	3/3
Nathan Kipyego	3/3
Francisca Kwambai	2/3
Reuben Kimosop	3/3
Kangogo Edwin	2/3
Dr Flomena Tanui	1/3
Rober korir	3/3
Andrew Cheruiyot	3/3

The Board’s role is to ensure that the hospital meets its operational goals while adhering to ethical standards and maintaining a high level of transparency.

Ethical Practices and Transparency

Tambach Sub-County Hospital adheres to the highest ethical standards in all its dealings with patients, staff, government entities, and partners. The hospital’s leadership is committed to fostering a culture of integrity, accountability, and transparency. All financial transactions are conducted in accordance with established accounting standards, and the hospital ensures that its financial reports are accurate, timely, and accessible to stakeholders. In addition, the hospital actively engages with stakeholders, including patients and the community, to ensure that its services are meeting the needs of the population.

Risk Management

The hospital has implemented a comprehensive risk management framework to identify, assess, and manage potential risks that may affect its operations. This includes risks related to financial management, healthcare delivery, staffing, infrastructure, and compliance. Regular risk assessments are conducted, and mitigation strategies are developed to ensure that the hospital continues to operate smoothly and deliver high-quality care to its patients.

Accountability and Reporting

Tambach Sub-County Hospital is committed to regular and transparent reporting of its performance to stakeholders. The hospital produces annual financial statements, which are audited by external auditors to ensure accuracy and compliance with accounting standards. The hospital also reports on its strategic achievements, challenges, and progress against predetermined objectives, ensuring that stakeholders are informed about the hospital’s performance and development.

9. Management Discussion and Analysis

Clinical Performance

Tambach Sub county Hospital remains dedicated to offering a comprehensive range of healthcare services to the residents of Elgeyo Marakwet County and surrounding areas. These services encompass outpatient general care, physiotherapy, ophthalmology, minor surgical procedures, and nutrition services, alongside comprehensive care clinics.

Clinical support services include laboratory services and pharmacy services. Mother-child services such as antenatal and postnatal care, as well as immunization, are provided. Inpatient services include general medicine, minor surgical procedures, pediatrics, and maternity care.

Overall patient attendance

In the fiscal year 2023/24, TSCH experienced an increase outpatient visits, totaling 13,735, and inpatient admissions, which increased to 139. This increase is primarily attributed to an improved service delivery. This trend follows the 2022/23FY, where outpatient visits were recorded at 11,588 and inpatient admissions at 136. .

Reproductive health

In the financial year 2023/24, Tambach sub county Hospital has experienced an overall increase in maternity and antenatal care services, highlighted by a rise in antenatal clinic (ANC) visits and maternity deliveries. ANC Visits 2023/2024 (979) 2022/2023 (777)

Bed Capacity

The bed capacity is at 35 beds,

Average Length of Stay.

The average length of stay (ALOS) in the hospital remains a crucial metric for assessing the efficiency of inpatient healthcare delivery. For the year 2023/24, the ALOS was recorded at 2 days, consistent with previous assessments. Surgical cases tend to have longer bed days

Mortality Rate.

During the review period, the average mortality rate stood at 1.4%. The low mortality rate is promptly referral of sick patient and the hospital's effective management of patients.

Patient Safety.

TSCH is committed to enhancing patient safety, recognizing it as a fundamental aspect of healthcare delivery. The hospital has implemented strategies to reduce hospital-acquired infections, minimize medical errors, and decrease the incidence of falls and venous thrombosis, thereby fostering a safer environment for all patients.

Financial Highlights

Financial Performance

The financial performance of Tambach sub county hospital during the year under review reflects a continued reliance on multiple sources of funding, including the Facility Improvement Funds (FIF), free maternity services reimbursements, and rebates from the National Hospital Insurance Fund (NHIF). Additionally, the hospital received significant support from the County Government of Elgeyo Marakwet, the Ministry of Health.

For the financial year 2023/24, Tambach sub county hospital demonstrated notable revenue growth. The hospital's total revenue in FY 2023/24 was Kshs. 7.9 million. This revenue can be attributed to enhanced resource mobilization strategies and the expansion of hospital services.

In addition to internally generated revenue, Tambach sub county hospital received substantial external support. The County Government of Elgeyo Marakwet supplied medical drugs worth Kshs. 3.4 million. Furthermore, the county took on the responsibility of paying employee salaries, which amounted to Kshs. 12.4 million during the period under review. These external contributions significantly helped in the hospital's operations.

The revenue generated during the year was used to cover hospital expenditures amounting to Kshs. 5.2 million, which included costs associated with service delivery, maintenance, and procurement.

Performance Results

While the hospital made strides in collecting its revenue, it faced financial challenges in terms of poverty levels among the clients. The challenge highlights the need for more robust financial sustainability strategies and enhanced efficiency in resource utilization.

Moving forward, TSCH aims to implement measures to further increase the revenue collections such as refining cost management processes, scaling up resource mobilization efforts, and pursuing new partnerships to diversify funding streams. By addressing these financial challenges, TSCH seeks to position itself for long-term sustainability while continuing to deliver high-quality healthcare services.

The hospital's financial performance, while determined to improve its services which will ensure revenue growth, also underscores the importance of securing more sustainable funding models and enhancing operational efficiencies. Moving forward, TSCH will continue to focus on improving financial management and diversifying its revenue streams to ensure long-term sustainability and improved healthcare service delivery.

Sign:  Date: 27th September, 2024

Mr. Andrew Cheruiyot
Secretary to the Board

10. Environmental And Sustainability Reporting

This report highlights the environmental and sustainability initiatives implemented by Tambach Sub-County Hospital (TSCH) for the fiscal year ending 30th June, 2024. The hospital is dedicated to integrating sustainable practices that minimize environmental impact while delivering quality healthcare. Our commitment focuses on People, Planet, and Profit, creating long-term value for the community, staff, patients, and stakeholders.

Sustainability Strategy and Profile

Sustainability is integral to TSCH's operations, ensuring that our actions today do not compromise future generations' ability to meet their needs. Our strategy emphasizes reducing environmental impact, promoting employee well-being, and contributing to the community's health and economic growth. We adhere to national regulations, adopt green technologies, and enhance resource efficiency across all hospital functions, from waste management to energy use.

Key Sustainability Objectives:

- **Environmental Stewardship:** Reduce energy and water consumption, minimize waste, and promote recycling.
- **Social Responsibility:** Support employee welfare, community health, and disease prevention.
- **Economic Efficiency:** Achieve cost-effective operations by managing resources efficiently and ensuring financial sustainability.

Environmental Performance

i. Energy Efficiency and Carbon Footprint Reduction

TSCH has made substantial progress in reducing its carbon footprint. Energy-efficient lighting are now in use throughout the hospital. Staff and patients are encouraged to reduce energy consumption through awareness campaigns. We are also optimizing heating and cooling systems to lower operating costs.

ii. Waste Management and Recycling

Waste management is a core focus, with a comprehensive waste segregation program in place to separate clinical, hazardous, and general waste. These practices minimize landfill waste, conserve resources, and reduce environmental impact.

iii. Water Conservation

In response to growing environmental concerns, TSCH has implemented water-saving fixtures and monitors water usage across departments. Initiatives such as rainwater harvesting to reduce water consumption bills. Additionally, staff are educated on responsible water usage.

iv. Green Procurement Practices

TSCH prioritizes environmentally friendly products in line with our sustainability goals. This includes purchasing energy-efficient medical equipment. We also collaborate with suppliers committed to sustainable practices, ensuring that our supply chain supports environmental objectives.

Employee Welfare and Development

i. Health and Safety

The hospital is committed to a safe and healthy work environment, adhering to OSHA standards. Regular safety training is provided, and staff are equipped with personal protective equipment (PPE). We also offer comprehensive health insurance and support mental health programs to enhance employee well-being.

ii. Professional Development

To keep our staff up to date with medical advancements, TSCH provides continuous professional development through training programs, workshops, and seminars. We support career growth through leadership training and study leaves.

Community Engagement and Corporate Social Responsibility (CSR)

i. Community Health Initiatives

TSCH is dedicated to improving community health through preventive care and health education. This year, we organized free health camps and screenings for conditions like diabetes, hypertension, and cancer. We also partnered with local schools to provide health education on sanitation, nutrition, and disease prevention.

Responsible Governance and Ethical Practices

TSCH adheres to high standards of corporate governance, ensuring transparency and accountability in all operations. We comply with health regulations, maintain open communication with authorities, and conduct regular audits to ensure financial and operational integrity.

11. Report of the Board of Management

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

Principal activities

The principal activities of the entity are:

1. To assure provision of Quality health care services, disaster preparedness and response
2. To Strengthen availability of essential medicines, medical equipment and supplies
3. To maintain and improve hospital infrastructure and means of transport to meet the demands for service delivery.

Results

The results of the entity for the year ended June 30th, 2024 are set out on page 1-5.

Board of Management

The members of the Board who served during the year are shown on page vii - viii. During the year 2024 no director retired/ resigned and 9 was appointed with effect from January, 2022.

Auditors

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

By Order of the Board

Sign:..........Date: 27th September, 2024

Andrew Cheruiyot
Secretary to the Board

12. Statement of Board of Management's Responsibilities


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


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

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Audit Act, 2015. The Board members are of the opinion that the Tambach sub county hospital financial statements give a true and fair view of the state of Tambach sub county hospital transactions during the financial year ended June 30, 2024, and of the Tambach sub county hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Tambach sub county hospital, which have been relied upon in the preparation of the Tambach sub county hospital 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 Tambach sub county hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

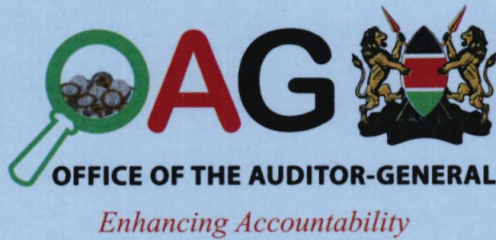
The Hospital's financial statements were approved by the Board on 27th September, 2024 and signed on its behalf by:


.....
James Chirchir
Chairperson
Board of Management


.....
Andrew Cheruiyot
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAMBACH SUB-COUNTY HOSPITAL - COUNTY GOVERNMENT OF ELGEYO MARAKWET FOR THE YEAR ENDED 30 JUNE, 2024

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.
- 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 Tambach Sub-County Hospital set out on pages 1 to 29, which comprise of the statement of financial position as at

Report of the Auditor-General on Tambach Sub-County Hospital - County Government of Elgeyo marakwet for the year ended 30 June, 2024

30 June, 2024 and the statement of financial performance, statement of 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 Tambach Sub-County Hospital 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 Public Finance Management Act, 2012, County Government Act, 2012 and the Health Act 2017.

Basis for Qualified Opinion

1. Unsupported Opening Balances

During the year under review, Management prepared financial statements which had opening balances. However, this was the first year Management had done the financial statements since it has previously been under the County Government of Elgeyo Marakwet. Management has not given any explanation as to where they derived the opening balances from.

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

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

Key Audit Matters

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

Other Information

Management is responsible for the other information set out on page ii to xxix which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Chairman's Report, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and

Report of the Auditor-General on Tambach Sub-County Hospital - County Government of Elgeyo marakwet for the year ended 30 June, 2024

Sustainability Reporting, Report of the Board of Management, Statement of Board of Management 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Requirements on Universal Health Coverage

Review of Hospital records and verification of services offered, equipment used and medical specialists at the Hospital at the time of audit in the month of November, 2024 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines as detailed below:

Detail	Level 4 Standard	No in Hospital	Variance	% Variance
Medical officers	16	0	16	100
Anaesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health nurses	75	14	61	81
	101	14	87	86

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

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance %
Beds	150	35	115	77
Resuscitaire (2 in Labor & 1 in Theatre)	5	0	5	100
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	2	1	1	50
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres-Maternity & General	2	0	2	100
Total	181	36	145	80

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of 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 governance were not effective.

Weakness in Issuance, Usage and Storage of Medical Supplies

Review of the management of pharmaceuticals and non-pharmaceuticals commodities at the Hospital revealed that undetermined quantities of various drugs had expired. In addition, the stock cards used to issue drugs to various departments in the Hospital did

not indicate the batch number and the expiry dates of the drugs. It was therefore difficult to establish whether the issuance of drugs was on First Expiry First Out (FEFO) basis.

This indicates that Management has failed to establish a suitable system for Management of inventory, stores and assets in contravention of Section 162(3) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that stores, inventory and assets that are procured by a public entity shall not be allowed to suffer deterioration from any preventable cause and overstocking of any particular item shall be avoided.

In the circumstances, effectiveness of internal controls on issuance and storage of medical supplies could not be confirmed.

Basis for Conclusion

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 ISSAI's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Tambach Sub-County Hospital, Elgeyo Marakwet 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		-	-
In-kind contributions from the County Government	6	15,806,961	13,339,350
		15,806,961	13,339,350
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	7,979,636	6,532,910
		7,979,636	6,532,910
Total revenue		23,786,597	19,872,260
Expenses			
Medical/Clinical costs	8	5,137,296	3,792,898
Employee costs	9	13,749,868	11,858,778
Board of Management Expenses	10	66,000	41,000
Depreciation and amortization expense	11	3,223,673	3,631,613
Repairs and maintenance	12	350,640	62,000
General expenses	13	1,785,233	1,215,572
Total expenses		24,312,711	20,601,860
Other gains/(losses)			
Medical services contracts Losses (waivers & exemptions)	14	(49,500)	(46,500)
Total other gains/(losses)		(49,500)	(46,500)
Surplus/Deficit for the period		(575,613)	(776,100)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		(575,613)	(776,100)
		(575,613)	(776,100)

The Hospital's financial statements set out on pages 1 to 28 were approved by the on 27th September, 2024 and signed on its behalf by:

.....
James Chirchir
 Chairman
 Board of Management

.....
Head of Finance
 ICPAK NO. 9772

.....
Andrew Cheruiyot
 Medical Superintendent

Tambach Sub-County Hospital, Elgeyo Marakwet 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	2022/23
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	464,790	344,898
Receivables from exchange transactions	16	3,645,472	3,224,065
Inventories	17	2,583,800	-
Total Current Assets		6,694,062	3,568,963
Non-current assets			
Property, plant, and equipment	18	52,618,602	55,842,275
Total Non-current Assets		52,618,602	55,842,275
Total assets (A)		59,312,663	59,411,238
Liabilities			
Current liabilities			
Trade and other payables	19	1,299,612	822,573
Total Current Liabilities		1,299,612	822,573
Non-current liabilities			
Total Non-current liabilities		-	-
Total Liabilities (B)		1,299,612	822,573
Net assets (A-B)		58,013,051	58,588,665
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		(684,520)	(108,907)
Capital Fund		58,697,572	58,697,572
Total Net Assets and Liabilities		59,312,663	59,411,238

The Hospital's financial statements set out on pages 1 to 28 were approved by the Board on 27th September, 2024 and signed on its behalf by:

.....
James Chirchir
 Chairman
 Board of Management

.....
Head of Finance
 ICPAK NO. 9772

.....
Andrew Cheruiyot
 Medical Superintendent

Tambach Sub-County Hospital, Elgeyo Marakwet 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

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	-	667,193	58,697,572	59,364,765
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(776,100)	-	(776,100)
Capital/Development grants	-	-	-	-
As at June 30, 2023	-	(108,907)	58,697,572	58,588,665
	-			-
At July 1, 2023	-	(108,907)	58,697,572	58,588,665
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(575,613)	-	(575,613)
Capital/Development grants	-	-	-	-
At June 30, 2024	-	(684,521)	58,697,572	58,013,051

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	2023/24 Kshs	2022/23 Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		3,570,105	2,839,454
Transfers from County Revenue Fund		3,791,516	3,361,621
Total Receipts		7,361,621	6,201,075
Payments			
Medical/Clinical costs		1,140,134	992,898
Employee costs		1,168,016	934,676
Board of Management Expenses		66,000	41,000
Repairs and maintenance		300,640	62,000
Transfers to County Revenue Fund		3,268,566	3,020,300
General expenses		1,298,373	1,005,099
Total Payments		7,241,729	6,055,973
Net cash flows from operating activities	20	119,892	145,102
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		119,892	145,102
Cash and cash equivalents at 1 July	15	344,898	199,797
Cash and cash equivalents at 30 June	15	464,790	344,898

Tambach Sub-County Hospital, Elgeyo Marakwet 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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
Description	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-	-	-	-	-	0%
In-kind contributions from the County Government	-	15,806,961	15,806,961	15,806,961	-	100%
Grants from donors and development partners	-	-	-	-	-	0%
Rendering of services- Medical Service Income	8,098,000	-	8,098,000	7,979,636	118,364	99%
Total income	8,098,000	15,806,961	23,904,961	23,786,597	118,364	100%
Expenses						
Medical/Clinical costs	3,278,700	3,398,961	6,677,661	5,137,296	1,540,365	77%
Employee costs	2,536,000	12,408,000	14,944,000	13,749,868	1,194,132	92%
Remuneration of directors	68,000	-	68,000	66,000	2,000	97%
Repairs and maintenance	398,000	-	398,000	388,640	9,360	98%
General expenses	1,817,300	-	1,817,300	1,753,793	63,507	97%
Total expenses	8,098,000	15,806,961	23,904,961	21,095,597	2,809,364	88%
Surplus for the period	-	-	-	2,691,000	(2,691,000)	

Budget notes

- Discrepancies in Accounting Methods:** The difference between actual income and the Statement of Financial Performance arose because the budget was based on a cash accounting basis, while the financial performance statement was prepared using accrual accounting, leading to potential timing differences in recognizing revenue and expenses.
- Medical/Clinical Costs Variance of 23% (Underutilized by Kshs 1,540,365):** The variance is attributed to challenges in accurately estimating the in-kind contributions from the County Government. These contributions included the purchase of pharmaceuticals and non-pharmaceuticals for the hospital, which were higher than initially anticipated, reducing the need to utilize the budgeted amount.
- Employee Costs Variance of 8% (Underutilized by Kshs 1,194,132):** The underutilization is also due to the inability to precisely estimate the in-kind contributions from the County Government. These contributions covered a significant portion of hospital staff salaries, leading to lower actual expenditures than initially budgeted.

19. Notes to the Financial Statements

1. General Information

Tambach Sub county Hospital is an entity established by and derives its authority and accountability from the county Government Act. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Elgeyo Marakwet County in Kenya. The entity’s principal activity includes:

- (i) To assure provision of Quality health care services, disaster preparedness and response
- (ii) To Strengthen availability of essential medicines, medical equipment and supplies
- (iii) To maintain and improve hospital infrastructure and means of transport to meet the demands for service delivery.

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 Hospital’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital. The financial statements have been prepared in accordance with the PFM Act, and the Constitution of Kenya, 2010, County Government act, 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cash flows 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> <p>Key expected impacts include:</p> <ul style="list-style-type: none"> • Balance Sheet Impact: Assets and liabilities will increase due to the recognition of the right-of-use assets and lease liabilities. • Financial Performance: Lease expenses, which were previously treated as operating expenses, will now be split between depreciation of the right-of-use assets and interest on the lease liabilities, potentially altering profit metrics such as EBITDA. • Cash Flow Presentation: Lease payments will be classified into principal repayments (financing activities) and interest payments (operating activities), affecting the presentation of cash flows. • Disclosure Requirements: The standard requires enhanced disclosures, ensuring users of financial statements have detailed information to assess the nature and financial implications of leasing arrangements.
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 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>
IPSAS 46	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across</p>

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

Standard	Effective date and impact:
Measurement	<p>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. This new standard is expected to impact the entity in several ways:</p> <ul style="list-style-type: none"> • Enhanced Measurement Guidance: IPSAS 46 provides more detailed guidance on the application of measurement bases, such as historical cost, fair value, and current operational value. This will help the entity achieve greater consistency and accuracy in applying these measurement bases across various asset and liability categories. • The new guidance could lead to adjustments in how the entity measures certain assets and liabilities, affecting the balance sheet values. • Introduction of Current Operational Value: The new measurement basis, current operational value, which reflects the cost required to replace an asset in its current service potential, is specifically designed for public sector entities. This may alter how certain assets, especially those related to public services (e.g., infrastructure, heritage, or community assets), are valued. • This could lead to changes in the reported values of assets if the current operational value differs significantly from other measurement bases, like fair value or historical cost. • Consistency in Transaction Costs: The clarification and harmonization of guidance on transaction costs across different standards will improve the entity's consistency in recognizing and measuring assets and liabilities. This may lead to adjustments in the initial measurement of assets or the cost of acquisition due to clearer guidance on whether transaction costs should be included or excluded. • Impact on Recognition and Subsequent Measurement: The amendments in measurement guidance for both initial recognition and subsequent measurement may result in changes to how the entity records and remeasures assets and liabilities over time. For example, assets that were previously measured at historical cost may now need to be reassessed under current operational value or fair value. • Increased Disclosure Requirements: IPSAS 46 emphasizes detailed disclosures related to measurement, which will require the entity to provide more comprehensive information about the measurement bases applied, any changes in those bases, and their impact on financial performance and position. • Operational and System Adjustments: The introduction of the current

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

Standard	Effective date and impact:
	operational value measurement basis and other changes may require the entity to update its accounting policies, internal processes, and systems to ensure compliance. This could also necessitate training for staff to understand and apply the new measurement guidance.
IPSAS 47- Revenue	<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. This comprehensive approach is expected to impact the entity in several ways:</p> <p>Unified Revenue Recognition Framework: The entity will now follow a single, standardized framework for recognizing revenue from all transactions, including exchange, non-exchange, and construction contracts, leading to greater consistency in revenue reporting.</p> <p>Revenue Recognition Principles: IPSAS 47 emphasizes the recognition of revenue based on the nature, amount, timing, and uncertainty of revenue, potentially changing how and when the entity recognizes certain revenue streams, especially for non-exchange transactions like grants or donations.</p> <p>Improved Disclosure: The entity will be required to provide enhanced disclosures about revenue, giving users of financial statements better insights into the entity's revenue sources and the associated cash flows.</p> <p>Operational Changes: Implementation of IPSAS 47 may necessitate changes to accounting systems, processes, and staff training to ensure compliance with the new revenue recognition and reporting requirements.</p> <p>Impact on Financial Performance: The timing of revenue recognition may shift, impacting the entity's reported financial performance and cash flow, particularly for long-term contracts and conditional non-exchange transactions</p>
IPSAS 48- Transfer Expenses	<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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
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 Hospital did not early – adopt any new or amended standards in the financial year 2023/2024.

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 Hospital 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.

Donor funded projects grants

Grants received for donor funded projects are recognized in statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.

Public contributions and donations

Cash donations: Income from endowments, donations, research grants and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: The revenue from donations in kind is measured at fair value and recognized on obtaining control of the asset (goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market or by appraisal by a member of the valuation profession.

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

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

Tambach Sub county Hospital does not earn Interest income.

Dividends

Tambach Sub county Hospital does not earn Dividend income.

Rental income

Tambach Sub county Hospital does not earn Rental income

b. Budget information

The original budget for FY 2023/24 was approved by Board in June 2023. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and County Department of Health. The Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

c. Taxes

Current Income Tax

Tambach Sub county Hospital does not earn Current income tax.

Deferred Tax

Tambach Sub county Hospital does not earn deferred tax.

Sales Tax

Tambach Sub county Hospital does not earn sales tax.

d. Investment property

Tambach Sub county Hospital does not have investment properties.

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.

Land is not depreciated. Depreciation on other assets is calculated on a reducing balance basis to write off the cost of each asset, or the revalued amount, to their residual values over the estimated useful life. The annual rates used for each class of assets are:

Buildings	2.5%	Tractors	37.5%
Plant & Machinery	12.5%	Computers, copiers	30%
Furniture and Fittings	12.5%	Medical Equipment	12.5%
Motor Vehicles	25%	Intangible Assets	30%

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.

Tambach Sub county Hospital does not have finance leases.

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.

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.

Tambach Sub county Hospital does not have Research and development costs.

i. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where

the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 9.

Financial liabilities

Classification

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

j. Inventories

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

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

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

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

k. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic

benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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 reserves maintained by the hospital include;

Capital reserve

Capital reserve relates to the initial value of property, plant and equipment the Board of Management inherited from the Ministry of Health when TSCH was devolved. Capital grants received from the County/National Government are treated as addition to the capital reserve. Movements in the capital reserve are shown in the statement of changes in net asset.

Revaluation reserve

Revaluation reserve arises on revaluation of property, plant and equipment. When revalued property, plant and equipment are disposed, the portion of revaluation reserve that relates to

the asset is transferred directly to revaluation reserve. Movements in the revaluation reserve are shown in the statement of changes in net assets.

Accumulated Fund

Accumulated fund is a revenue fund where the results (surplus/deficit) for each year's financial performance are accumulated. Movements in the revaluation reserve are shown in the statement of changes in net assets.

p. Changes in accounting policies and estimates

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

q. Employee benefits

Retirement benefit plans

The Hospital 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.

Employees whose services were transferred to the County Government and are currently covered under the Public Service Pension Scheme.

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 Hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

TSCH is related to:

- i) The county government; county treasury
- ii) The department of health
- iii) Board of Management
- iv) Key management

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 Hospital 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 Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions made by the management include:

Provision for Bad Debts

A debt is deemed to be impaired if, and only if, there is objective evidence that the recoverability of that debt is doubtful. Indigent patients who are unable to settle their medical bills upon clinical discharge are allowed home on unsecured credit, and since the payment of these debts are highly doubtful, they are provided for as bad and doubtful.

6. In Kind Contributions from The County Government

Description	2023/24 KShs	2022/23 KShs
Salaries and wages	12,408,000	10,750,250
Pharmaceutical (KEMSA/MEDS)	1,509,060	1,154,050
Non-Pharmaceutical Supplies (KEMSA/MEDS)	1,889,901	1,435,050
Total grants in kind	15,806,961	13,339,350

(These include payments made directly by the County Governments for staff salaries working in the Hospital and purchase of medical drugs from KEMSA and MEDS)

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

7. Rendering of Services-Medical Service Income

Description	2023/24	2022/23
	KShs	KShs
Pharmaceuticals Income	197,750	176,955
Laboratory Income	63,500	56,500
Inpatient Income	297,750	267,560
Eye Services Income	72,600	66,230
Maternity Services Income	395,500	354,950
Physiotherapy Services Income	38,498	35,760
Nhif Claims/Capitation	6,914,038	5,574,955
Total Revenue from the Rendering of Services	7,979,636	6,532,910

(The total revenue includes KShs. 3,570,105 received from actual NHIF claims, and KShs. 3,791,516 collected under the Facility Improvement Fund (FIF) and transferred to the County Revenue Fund. Out of the total transfers to the County Revenue Fund, KShs. 3,791,516 was reimbursed)

8. Medical/ Clinical Costs

Description	2023/24	2022/23
	KShs	KShs
Pharmaceutical supplies	1,509,060	1,154,050
Dressings and Other Non-Pharms	1,889,901	1,435,050
Sanitary and Materials, supplies and services	154,210	39,600
Lab Materials and small Equipment	102,800	120,900
Food and Rations	1,459,325	1,043,298
Purchase of Uniforms and Clothing's-Patients	22,000	-
Total medical/ clinical costs	5,137,296	3,792,898

(The total medical/clinical costs include KShs. 3,640,134, which represents the actual payments made by the hospital during the year. This figure is part of the total medical/clinical cost incurred, amounting to KShs. 5,137,296 for the fiscal year 2023/24.)

9. Employee Costs

Description	2023/24	2022/23
	KShs	KShs
Salaries, wages, and allowances	12,408,000	10,750,250
Contractual Employees	1,341,868	1,108,528
Employee costs	13,749,868	11,858,778

(Out of the total employee costs for 2023/24, KShs. 12,408,000 was paid by the county government for salaries, whereas KShs. 1,168,016 was paid by the hospital for casual wages. This figure is part of the total employee costs incurred, amounting to KShs. 13,749,868 for the fiscal year 2023/24)

10. Board of Management Expenses

Description	2023/24	2022/23
	KShs	KShs
Sitting allowance	66,000	41,000
Total	66,000	41,000

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

11. Depreciation and Amortization Expense

	2023/24	2022/23
Description	KShs	KShs
Property, plant and equipment	3,223,673	3,631,613
Total depreciation and amortization	3,223,673	3,631,613

12. Repairs And Maintenance

	2023/24	2022/23
Description	KShs	KShs
Property- Buildings	312,640	62,000
Motor vehicle expenses	38,000	-
Total repairs and maintenance	350,640	62,000

(Out of the total repairs and maintenance costs for 2023/24, KShs. 300,640 represents actual payments made by the hospital during the year. This amount is part of the total repairs and maintenance costs incurred, amounting to KShs. 350,640 for the fiscal year 2023/24)

13. General Expenses

Description	2023/24	2022/23
Description	KShs	KShs
Electricity expenses	310,140	226,044
Daily Subsistence	60,000	40,000
Printing and stationery	517,445	484,500
Water and sewerage costs	211,208	110,000
refined fuel and lubricants	135,000	30,000
other fuels- generator	295,000	147,000
Telephone and airtime allowance	30,000	15,000
Bank Charges	31,440	33,128
other operating expenses	195,000	111,000
Courier & postal service	0	18,900
Total General Expenses	1,785,233	1,215,572

(Out of the total general expenses for 2023/24, Kshs. 1,298,373 represents the actual payments made by the hospital during the year. This amount is part of the total general expenses incurred, amounting to Kshs. 1,785,233 for the fiscal year 2023/24)

14. Medical Services Contracts Gains /Losses

Description	2023/24	2022/23
Description	KShs	KShs
Waivers and Exemptions	49,500	46,500
Total Gain/Loss	49,500	46,500

*Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024*

15. Cash And Cash Equivalents

Description		2023/24	2022/23
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1530279855730'	464,790	344,898
Total		464,790	344,898

(The reported figures for cash and cash equivalents reconcile with the closing and opening balances as presented in the Statement of Cash Flows)

16. Receivables From Exchange Transactions

Description	2023/24	2022/23
	KShs	KShs
Medical services receivables - Unreimbursed NHIF Claims	3,645,472	3,224,065
Total receivables	3,645,472	3,224,065

(The receivables relate to unreimbursed NHIF claims as of the reporting date. No Expected Credit Loss (ECL) rate was applied to these receivables)

Analysis of Receivables From Exchange Transactions

Description	2023/24		2022/23	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,645,472	100%	3,224,065	100%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	3,645,472	100%	3,224,065	0%

17. Inventories

Description	2023/24	2022/23
	KShs	KShs
Pharmaceutical supplies	780,000	350,000
Non-Pharmaceutical supplies	575,600	275,400
Food supplies	103,400	110,700
General supplies	170,700	200,550
Linen and clothing supplies	954,100	263,900
Total	2,583,800	1,200,550

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

18. Property, Plant and Equipment

Description	Land	Buildings and Civil works (2.5%)	Motor vehicles (25%)	Furniture, fittings, and office equipment (12.5%)	ICT Equipment (30%)	Plant and medical equipment (12.5%)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost								
At 1 July 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	6,000,000	33,130,000	5,336,000	6,500,000	900,000	24,000,000	-	75,866,000
At 30th June 2023	6,000,000	33,130,000	5,336,000	6,500,000	900,000	24,000,000	-	75,866,000
At 1 st July 2023	6,000,000	33,130,000	5,336,000	6,500,000	900,000	24,000,000	-	75,866,000
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June 2024	6,000,000	33,130,000	5,336,000	6,500,000	900,000	24,000,000	-	75,866,000
Depreciation and impairment								
At 1 July 2022	0	1,425,444	5,000,000	3,500,000	466,667	6,000,000	-	16,392,111
Depreciation for the year	-	792,614	84,000	375,000	130,000	2,250,000	-	3,631,614
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	2,218,058	5,084,000	3,875,000	596,667	8,250,000	-	20,023,725
At July 2023	-	2,218,058	5,084,000	3,875,000	596,667	8,250,000	-	20,023,725
Depreciation	-	772,799	63,000	328,125	91,000	1,968,750	-	3,223,673
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2024	-	2,990,856	5,147,000	4,203,125	687,667	10,218,750	-	23,247,398
Net book values								
At 30 th June 2023	6,000,000	30,911,942	252,000	2,625,000	303,333	15,750,000	-	55,842,275
At 30 th June 2024	6,000,000	30,139,144	189,000	2,296,875	212,333	13,781,250	-	52,618,602

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

19. Trade and other Payables

Description	2023/24		2022/23	
	KShs		KShs	
Trade payables	1,125,760		712,317	
Employee dues	173,852		110,256	
Total trade and other payables	1,299,612		822,573	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	1,299,612	100%	822,573	%
1-2 years	-	0%	-	%
2-3 years	-	0%	-	%
Over 3 years	-	0%	-	%
Total	1,299,612		822,573	%

20. Cash Generated from Operations

	2023/24	2022/23
	KShs	KShs
Surplus for the year before tax	(575,613)	(776,100)
Adjusted for:		
Depreciation	3,223,673	3,631,613
Non-cash grants received	-	-
Operating Profit/Deficit before Working Capital adjustments	2,648,060	2,855,513
Increase in inventory	(3,426,615)	(2,108,918)
Increase in receivables	421,407	(924,065)
Increase in payables	477,039	322,573
Net cash flow from operating activities	119,892	145,102

(The total net cash flow from operating activities of KShs. 119,892 for 2023/24 and KShs. 145,102 for 2022/23 aligns with the Net Cash Flows from/used in Operations section of the statement of cash flows)

21. 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 2024				
Receivables from exchange transactions	3,645,472	3,645,472	-	-
Bank balances	464,790	464,790	-	-
Total	4,110,262	4,110,262	-	-
At 30 June 2023				
Receivables from exchange transactions	3,224,065	3,224,065	-	-
Bank balances	344,898	344,898	-	-
Total	3,568,963	3,568,963	-	-

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 no significant concentration of credit risk. 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

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

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.

	Less than 1 month Kshs	Between 1- 3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2024				
Trade payables	1,299,612	-	-	1,299,612
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,299,612	-	-	1,299,612
At 30 June 2023				
Trade payables	-	822,573	-	822,573
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	822,573	-	822,573

(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

Tambach Sub county Hospital has no transactional currency exposures.

Foreign currency sensitivity analysis

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

Tambach Sub county Hospital has not exposed to interest rate exposure risks hence has not done sensitivity analysis.

b) Interest rate risk

Tambach Sub county Hospital has not exposed to cash flow interest rate risk.

Management of interest rate risk

Tambach Sub county Hospital has not exposed to management interest rate risk.
Sensitivity analysis

Sensitivity analysis

Tambach Sub county Hospital has not exposed to interest rate exposure risks hence has not done sensitivity analysis.

(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:

	2023/24	2022/23
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(684,520)	(108,907)
Capital reserve	58,697,572	58,697,572
Total funds	58,013,051	58,588,665
Total borrowings	-	-
Less: cash and bank balances	464,790	344,898
Net debt/ <i>(excess cash and cash equivalents)</i>	(464,790)	(344,898)
Gearing	-	-

22. 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.

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

- i) The National Government;
- ii) The Ministry of Health;
- iii) The County Government;
- iv) The County treasury;
- v) The County department of health & sanitation;
- vi) Board of Directors;
- vii) Key Management

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	2023/24	2022/23
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
-	-	-
-	-	-
Total	-	-
b) Grants from the Government		
Inkind support from County Governmnet - CG	15,806,961	13,339,350
Total	15,806,961	13,339,350
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
BOM sitting allowances	66,000	41,000
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	15,806,961	13,339,350

23. Events after the Reporting Period

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

24. Ultimate and Holding Entity

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

25. Currency

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

Tambach Sub-County Hospital, Elgeyo Marakwet County Government
Annual Report and Financial Statements for The Year Ended 30th June 2024

26. 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)


.....
Accounting Officer