

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



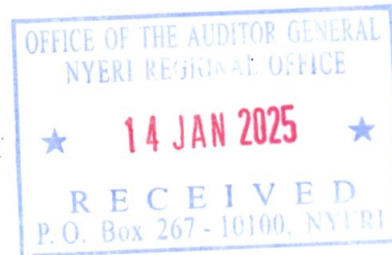
OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	11/MARCH/2025
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ON COMMITTEE	
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**JM KARIUKI MEMORIAL COUNTY
REFERRAL HOSPITAL**

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



Prepared in accordance with the

**JM KARIUKI MEMORIAL COUNTY REFERRAL
HOSPITAL
Level 4 Hospital
(Nyandarua 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)**



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1.Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
HMB	Hospital Management Board
PPB	Pharmacy and Poisons Board
NEMA	National Environmental Management Authority
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MES	Managed Equipment Services
MAKL	Medical Administrators Kenya Limited
HMB	Hospital Management Board
TAT	Turn Around Time
MOPC	Medical Outpatient clinic
SOPC	Surgical outpatient clinic
GOPC	Gynaecologist outpatient clinic
OOPC	Orthopaedic Outpatient Clinic
POPC	Paediatric outpatient clinic
PSYCH	Psychiatric
PAED	Paediatric
O.T	Occupation Therapy
NBU	New Born Unit

2. Key Entity Information and Management

(a) Background information

JM Kariuki Hospital is a level 4 hospital established under gazette notice number 1241 Vol CXIC no 24 of 24th February 2017, and is domiciled in Nyandarua County under the Health Services Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide healthcare services. These include curative, rehabilitative, preventive, and health promotional services.

Vision statement

A County free of preventable diseases and ill-health

Mission Statement

To offer affordable, accessible, sustainable quality health care services to all clients in Nyandarua County.

Strategic goal

To transform JM. Kariuki County Referral Hospital to a level five Hospital.

(c) Key Management

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

- County Department of Health
- Hospital Management Board
- Hospital Management Team led by the Medical Superintendent
- Key advisory committees such as; Quality management team, Infection Prevention and Control, Nutrition committee

(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	Dr. Beatrice Mugure
2.	Head of finance	CPA Anne Mbiyu
3.	Head of supply chain	Nathaniel Nguyai
4.	Hospital Administrator/Hospital Secretary	Karanja Maguta

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee- not existent
- Audit committee - Is a subcommittee of the hospital management board . Also doubles up as the finance subcommittee
- Risk Committee- is a function of the hospital management board quality subcommittee assisted by the hospital quality improvement team.
- County Assembly - Through the health committee of the County assembly
- Parliamentary committees- as applicable especially for projects financed through the National Government

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 221
Olkalou/Nyahururu Road/Highway (c77)
Olkalou, Kenya

(g) Entity Contacts

Telephone: (+254) 0733 685 480
E-mail: jmkariukihosp@gmail.com

(h) Entity Bankers

Cooperative Bank of Kenya (Olkalou Branch)
Kenya Commercial Bank (Olkalou Branch)

(i) Independent Auditors

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

(j) Principal Legal Adviser




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




(k) County Attorney



County Attorney
Nyandarua County Government
P.O. Box. 701
Olkalou, Kenya

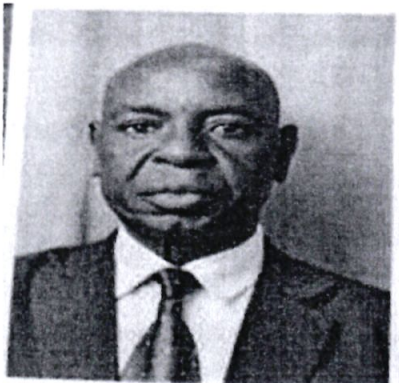
3. The Board of Management

This Hospital Board of Management was appointed and inaugurated on 2nd May 2023 in line with Legal Notice No. 162. Of the The Public Health Act (Cap.242)


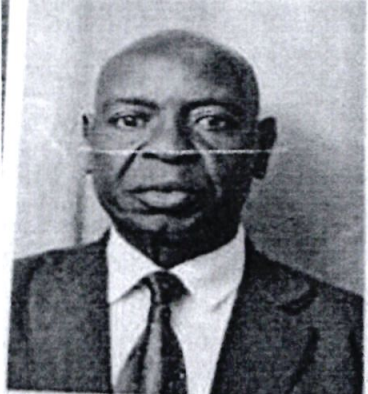

Ref	Directors	Details
1.	<p>Dr. S. W. Kanyingi- Chairman</p> 	<p>A veterinary surgeon , with a degree in Veterinary medicine and surgery from The University of Nairobi. Pursuing an MBA. Has extensive experience with boards governance in other institutions including recently as chair of Naivasha County Hospital in Nakuru County</p>
2.	<p>Josephine Chege- Vice chairperson</p> 	<p>Academic studies in Master of Arts degree in Leadership, (Business Management and Entrepreneurship), Bachelor of Arts Bible and Theology (Missions).Diploma in Christian Ministries and Civic Responsibilities and Office Management. UN professional training across the board. Chairs the Resource mobilization and infrastructure board subcommittee</p> <p><i>(D. 10th June 2024, R.I.P)</i></p>
3.	<p>Dr. John Mungai Kiarie- Member</p> 	<p>Holds a PhD in statistics and research. Retired high school principal</p> <p>Chairs the board finance and audit subcommittee</p>


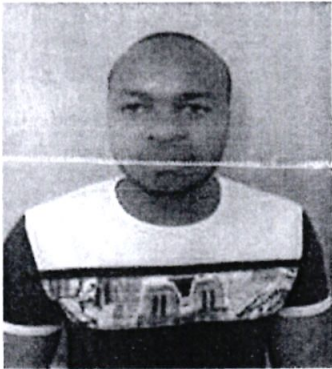
<p>4.</p>	<p>Evalyne Gathieri- Member</p> 	<p>Chairperson of organizations for persons with disabilities Nyandarua County. Member of women challenged to challenge (WCC), she is a stakeholder of Nyandarua mobility and accessibility forum. Champion voice of the voiceless Nyandarua county</p>
<p>5.</p>	<p>Arch. Josam Kariuki- Member</p> 	<p>Has a Bachelors degree in conflict management. Is an Archibishop with the Trinity Methodist church and also chairs the interfaith group in Nyandarua County. Has extensive experience with boards governance including a stint with the former Nakuru District HMT.</p> <p>Chairs the board quality assurance subcommittee</p>
<p>6.</p>	<p>Jane kulet – Member</p> 	<p>Has a background in purchasing and supplies. Previously worked in Kenya Farmers Association as a purchasing officer</p>

7.	<p>David Mutuota Ngugi- Member</p> 	<p>Diploma in Education Management- KICD</p> <p>Bachelor of Education- The University of Nairobi</p> <p>2017 County Headteacher of the Year, Nyandarua County</p> <p>Retired senior graduate headteacher</p>
8.	<p>Dr. Beatrice Mugure- Board Secretary</p> 	<p>Medical Superintendent</p> <p>Holds MBA -Health Care Management, Strathmore Business School, Strathmore University (2024)</p> <p>Accredited Mediator, Strathmore Dispute Resolution Centre (2023)</p> <p>Bachelor in Pharmacy, The University of Nairobi (2006)</p> <p>Work experience</p> <p>2022 -up to date Medical superintendent JM Kariuki MCRH</p> <p>2020- 2022 Olkalou Subcounty Head of Health Services</p> <p>2016 -2019 – Nyandarua County Pharmacist</p> <p>2008- 2016 Head of Pharmacy unit in several County Hospitals across the Country</p>

9.	Karanja Maguta- Hospital secretary 	Holds a Bachelor of Arts degree and a postgraduate diploma in health services management. Has extensive experience in hospital administration. (Not a CPS)
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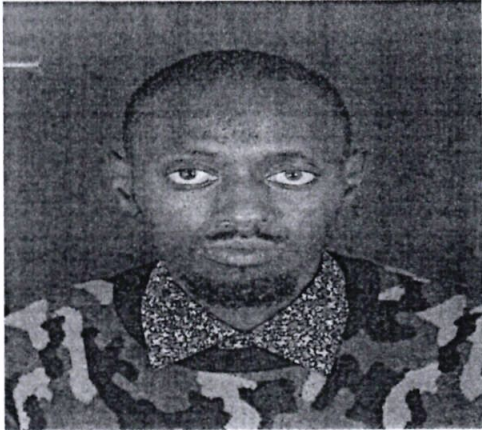
4. Key Management Team

Ref	Management	Details
1.	<p>Dr. Beatrice Mugure</p> 	<p>Medical Superintendent</p> <p>MBA -Health Care Management, Strathmore Business School, Strathmore University (2024) Accredited Mediator, Strathmore Dispute Resolution Centre (2023) B.Pharm,The University of Nairobi (2006)</p>
2.	<p>Karanja Maguta</p> 	<p>Hospital Secretary/Administrator</p> <p>Bachelor of Arts degree and a postgraduate diploma in health services management. Has extensive experience in hospital administration.</p>
3.	<p>Dr. Aisha Mwatuwano</p> 	<p>Deputy Medical Superintendent and Head of Clinical Services</p> <p>Master in Family Medicine (2022) at University of Havana (Cuba) Bachelor of Medicine at university of Algiers, (Algeria)</p>

<p>4.</p>	<p>C.P.A Anne Mbiyu</p> 	<p>Hospital Accountant</p> <p>Holds a Bachelors of Art Degree (Mathematics and Economics)- Egerton University She is a CPA-K.</p>
<p>5.</p>	<p>Nathaniel Nguyai</p> 	<p>Hospital Supply Chain Officer</p> <p>Undergraduate in Bachelor of Business Administration Management – St. Pauls University</p> <p>Holds a Diploma in Procurement and Supply Chain from the Technical University of Kenya.</p>

6.	Naomi Kituku 	Hospital Nursing Service Manager Bachelor's of Science in Nursing at Egerton University. Kenya Registered Community Health Nurse (KMTC)
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7.	<p style="text-align: center;">Dr. Peter Ndung'u</p> 	<p>Hospital Pharmacists</p> <p>Bachelor's Degree in Pharmacy at Kenyatta University (2016)</p>
8.	<p>Michael Ruitururi</p> 	<p>Deputy Nursing Services Manager</p> <p>KECN- PCEA Tumutumu School of Nursing</p> <p>KRCHN- AMREF University</p> <p>Higher Diploma -Nephrology Nursing at KMTC</p>
9.	<p>Dennis Mbuthi</p> 	<p>Hospital Records and Information Officer</p> <p>Bachelor's of Science in Health Records and Information Management. At Mount Kenyatta University (2024)</p> <p>Diploma in Health Records and Information at KMTC Msambweni (2019)</p>

5. Chairman's Statement

It is my pleasure to present to you the Annual Report and Financial Statement for the year 2023/24. This being the board's full year on, we had an immense time setting the pace of our tenure. This involved realigning the vision of the hospital to meet the needs of the community while ensuring sustainability of the entity. As the body mandated with offering direct oversight linking the entity to the consumers, it has been a balancing experience managing expectations with reality. This has therefore largely informed our approach to advise on innovative and entrepreneurial approaches to managing the hospital. Ultimately the entity has adopted a responsive approach, striving to meet the expressed and assessed needs of the catchment population within the available resources while striving to mobilize more.

Sector alignment

Being a regional referral centre, the hospital is on a trajectory to adjust and accommodate needs of walk-in clients and referral ins. We are cognizant of the great need in the region for specialised care and the need to massively invest to prepare accordingly. Just as in the rest of sub saharan Africa, noncommunicable diseases burden is on the increase associated with lifestyle and increased life expectancy. Towards this, the hospital is on a journey of expansion both infrastructurally and competency building amongst staff. A 500 bed capacity inpatient facility is therefore earnestly under construction and upon completion it will drastically improve service delivery. Meanwhile, the hospital is intentional on expanding diagnostic capacity to have early screening of noncommunicable diseases for timely linkage to treatment. In the coming year, we intend to improve this by installing equipment in the histology laboratory. In the meanwhile, the hospital is in strategic partnerships with providers of such services to ensure we ease the clients' journey back to good health.

Regulatory environment

Healthcare provision operates within a highly regulated environment. This has not only encouraged quality but also guided an industry ridden with many potential risks. To this end, the board through its quality subcommittee has proposed and enforced observance of various set policies. It has been the intention of the board to benchmark from other players across various aspects. Ultimately we intend to not only be compliant to standard national guidelines but also seek accreditation from external bodies such as ISO and JCI.

We remain alert to emerging policies in order to adjust and adapt accordingly. In the year under review, the Government through Ministry of Health introduced Acts of Parliament that will impact how we operate in this space. These include the Social Health Insurance Act that will significantly impact on how payment for services is made by the main national insurer. The board will remain alert and advise accordingly in the process of implementation to ensure that service delivery is uninterrupted and made better through the transition and beyond.

Financial Performance

In the year under review, the hospital made a significant improvement in revenue generation. It record a collection of Kshs 179,579,747. This is an improvement from the previous year's collection by Kshs 47,926,074. The board is keen to ensure efficiency in revenue collection, budgeting and prioritization to investments that will have a transformative effect both to patients' health but also financial stability of the entity. It is worth noting that this increase was during a period marked with prolonged industrial action that directly affected revenue collection. Nevertheless, the hospital optimised the billing and collection systems that saw this sustained financial growth. We appreciate and welcome the Facility Improvement Financing Act of November 2023 that will see the hospital retain and budget for revenues

directly. This will unlock potential within the entity and will greatly reduce the turn around time for availing of goods and services. It is important that we continue running a sustainable entity which will also enable the hospital have a good reputation with all its stakeholders.

Outlook

In the coming year, we aim to consolidate gains made in the year under review while expanding the scope of healthcare. Specifically, we will be keen to monitor the implementation of health laws passed in the year under review. We also aim to improve the competency and quality of various aspects in the pipeline. This will be done by inducting the board and continuously developing the competency of both board and hospital management. We anticipate significant progress in the construction of the ongoing Mashujaa Complex, completion and equipping of laundry and kitchen units. Regarding the formerly national government MES project, the board will make recommendations and enforce the localized management of the same specifically equipment maintenance and re-negotiation of service contracts. In the coming year, the board will be keen to have an accurate valuation of the entity's assets and liabilities. This is important to inform management of the same with the aim of improved asset management for maximum returns. We will also clearly make recommendations to relevant offices regarding staffing of the hospital with requisite staff in sufficient numbers and competencies in line with the level 4 status of the entity.

The board will begin prioritise formulation of strategy to advance the hospital into higher performance through adoption and facilitate implementation of a 5 year strategic plan.

Acknowledgment

On behalf of the hospital management board, I wish to acknowledge the governor, Nyandarua County H.E. Dr. Moses Kiarie Badilisha for entrusting us with the mandate of governing this entity. I also acknowledge the County department of Health led by the CECM Health Dr. Kariuki Gichuki, the National Government through its various agencies including NHIF, the Honourable members of the Nyandarua County Assembly led by the House Speaker. The achievements we have accrued would not have been possible without the efforts of the indefatigable hospital staff. Last but not least I appreciate the residents of Nyandarua and consumers of our services for entrusting us with the mandate of representing you in this capacity in overseeing this institution.

Michael Ruitava
.....
Name
for Chairman to the Board
M. Ruitava

CHIEF SUPERINTENDANT
J. KARIUKI (HOLKALOU)
DISTRICT HOSPITAL
P.O. BOX 20303 OL-KALOU

6. Report of The Medical Superintendent

We set out to achieve great things in FY 2023/2024 for our clients, internal and external stakeholders. It has been our aim to be responsive to our clients needs, update them with relevant information, and support them to attain the highest standard of health as enshrined in the Constitution of Kenya 2010. In our self evaluation , we made great strides towards the vision of the hospital. I attribute this to great contribution by the indefatigable staff working at the hospital, support from the hospital management board, National and County governments and various implementing partners. I appreciate our clients including patients, their friends and relatives for entrusting us with restoring their health and also giving us routine feedback. I highly appreciate our suppliers and service providers for helping us sustain operations and being patient with us. I appreciate medical colleagues not based in the hospital who have agreed to pro bono consultations as needed to support our staff. Notably, I recognize Dr. Mugo, a Cardiologist in Laikipia County, and Dr. Kabinga, a Nephrologist in Samburu County among others who have been available on call to respond to our doctors and nurses.

Clinical Performance

In the year under review, we attended to 51,222 clients in the outpatient, 4,580 inpatient admissions, and 2,405 deliveries. We had massive service interruption in the last half of the period due to industrial actions by doctors and clinical officers. In November 2023, an orthopaedic surgeon was deployed to the hospital and has brought tremendous improvement in the delivery of orthopaedic care. Besides conducting routine reviews and surgeries we had an inaugural spine surgery on 20th May 2024. This is proof of the immense potential and ability that we hold and intend to continue in this trajectory.

We are still short of critical specialities notably internal medicine physician, anaesthesiologist, and ENT surgeon. As we await deployment of the same, we'll explore innovative ways of bridging this gap and deliver care as the ultimate goal. We'll be seeking authority from relevant bodies notably the County Public Service Board to consider getting these specialities on locum basis. It will be a time to consider other technology enabled options such as telemedicine and remote consultations.

Public Health Response

In the year under review, we remained objectively alert to our ultimate goal of having a healthy population. We recognize that healthcare is not an end to itself but should facilitate to have a health productive population as envisioned in the Kenya's vision 2030 in the social pillar.

To this end, we made interventions focused on public health which included; Outreaches to school and other congregate settings, health promotion and awareness sessions through the local FM station. We remained alert for notifiable diseases, sent samples to relevant public health laboratories and also conducted contact tracing for eligible clients.

In future we purpose to hold more awareness and screening campaigns. We note with concern the rising cases of mental health challenges as evidenced by the number of suicide related morbidity and mortality. We purpose to address this through collaborations with strategic partners including conducting research to halt and reverse this trend.

Public Private partnership

Our approach to healthcare delivery remains collaborative rather than competitive. We therefore continue working closely with players in the industry in a cordial manner leveraging on their strengths to deliver care to our clients. As a hospital, we sometimes are limited by protocols and lack of specialised services due to among others budgetary limitations and in some instances inability to attract and retain certain talent. In the year under review, we collaborated with AIC cure international to offer orthopaedic care mainly for children by hosting them for an in reach in the hospital. We also are working closely with a neighbouring Orthopaedic heavy health centre to maintain and repair our mobility assistive devices specifically wheel chairs.

In the coming year, led by the hospital board, we have a plan to reach out to donors and other potential partners to collaborate on target projects. These are mainly infrastructural but also we aim to work with institutions strong in target areas in policy formulations. We purpose to have an emergency plan, quality policy documents such as standard operating procedures and checklists. We are in advanced planning stages with the Agakhan university to capacity build through CMEs and integrated outreaches.

Financial performance

In the year under review, the hospital raised revenue of Kshs 179,579,747, this being a rise of 36% compared to Kshs 131,653,673 collected in FY 2022/23. I would largely attribute this to improved efficiency in the claims submission and follow up process with NHIF. This increase is significant considering that operations were largely reduced due to prolonged industrial actions in early 2024. Unfortunately we ended the year with pending bills of Kshs 53,204,035 which is a significant rise compared to the previous year's Kshs 8,461,327. This is largely attributed to non reimbursement of funds amounting to Kshs 91,682,590.00 deposited at the County Revenue Fund which were still outstanding at the close of the year. We remain hopeful that the same will be reimbursed to enable us clear these bills.

Dr. Beama Muge

Name

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

JM Kariuki Memorial County referral hospital is oriented around 8 strategic pillars/ themes/issues and objectives within the current draft Strategic Plan for the 2022-2026. In line with program based budgeting and therefore planning, the hospital has 3 programs namely; clinical and rehabilitative services, preventive and promotive health services and administration and support services.

These strategic pillars/ themes/ issues are as follows:

- Service delivery
- Leadership and governance
- Health care Financing
- Health records and information
- Health workforce
- Health products and technologies
- Research
- Infrastructure

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Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<ul style="list-style-type: none"> • Service delivery 	<p>To provide curative , rehabilitative , preventive and promotive health services</p>	<ul style="list-style-type: none"> • Improved achievement across indicators as per the Annual Work plan 	<ul style="list-style-type: none"> • Provision of clinical services • Provision of preventive and promotive health services • Provision of administrative and support services 	<ul style="list-style-type: none"> • Significant increase in achievement of targets • Smooth run hospital operations • Reintroduction of orthopaedic surgical services

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<p>Leadership and governance</p>	<p>To operationalize the agreed structure in line with the mission, vision and the organisation goal.</p>	<ul style="list-style-type: none"> ● Established hospital management board and subcommittees ● Induction of the HMB ● Functional Hospital advisory committees 	<ul style="list-style-type: none"> ● Lobby for appointment of HMB members 	<p>HMB had regular meetings for the full board and board subcommittees</p>
<p>Health Financing</p>	<p>To achieve sustainable health financing levels to sustain operations and expand services</p>	<ul style="list-style-type: none"> ● Increase in revenue collection by 5% ● Increased revenue streams 	<ul style="list-style-type: none"> ● Increase the claims TAT at NHIF ● Increase revenue streams 	<ul style="list-style-type: none"> ● Increased revenue collection achieved ● Claims made to MAKL accordingly and honoured

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<p>Health information</p>	<p>To ensure collection, collation analysis and reports formulation to guide evidence-based management decisions</p>	<ul style="list-style-type: none"> • Timely reports for decision making 	<p>Collection and analysis of reports</p> <p>Presentation of reports to relevant authorities for decision makers</p>	<p>Reports presented to HMT for assessing performance and informing programming</p>
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<p>Health workforce</p>	<p>To ensure that the right numbers with the right skills and motivation are available for service delivery</p>	<ul style="list-style-type: none"> ● Well motivated staff ● Rationally distributed staff 	<ul style="list-style-type: none"> ● Lobby for employment of more staff ● Conduct an annual staff party ● Facilitate staff get paid study leave ● Facilitate staff to attend professional conferences 	<ul style="list-style-type: none"> ● Deployment of 1 orthopaedic surgeon, 9 clinical officer and 8 nurses ● Several staff facilitated to attend annual professional conferences 1 medical officer and 1 nurse released on paid leave for further studies
<p>health products and technologies</p>	<p>To ensure continuous availability of quality medicines to respond to the healthcare needs of our clients</p>	<ul style="list-style-type: none"> ● Improvement of product fill rate ● Increase the range of available commodities to cover the medical specialities available 	<p>timely procurement of drugs, lab reagents, and non pharms and medical equipment installation of</p>	<p>Assorted health products and technologies procured and availed.</p>

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			stock management software	
Research	To ensure continuous research on issues affecting and impacting on the state of health in the population served.	<ul style="list-style-type: none"> ● Revamped quality improvement team ● Research feedback on researched done within the hospital 	<ul style="list-style-type: none"> ● Establish a hospital research database ● Train the hospital quality improvement team 	Hospital quality improvement team trained and presented research findings to the management and other reputable conferences

8. Corporate Governance Statement

Introduction

The Hospital has a working board of management which is constituted to ensure that corporate governance is maintained at all levels of the Hospital. The Board executes its mandate with integrity, honesty and openness.

The Board of Management

The board is held accountable and responsible for effective governance of the Institution. In order to discharge this mandate, the board is guided by the Health Act 2017.

The members have a range of skills and experiences which they bring to the board.

The board members are appointed through a Kenya gazette to serve for three years on 20th April 2023 and inaugurated on 2nd May 2023 by H.E. the Governor of Nyandarua H.E Dr. Moses Kiarie Badilisha.

The board has delegated authority for operations to the Medical Superintendent who is the secretary to the board. The Board however, is responsible for establishing and maintaining the Hospital's overall internal control, financial and compliance framework.

Board Diversity

The board has 4 Women which represents 44 %. The Hospital board has complied with the 2/3 gender rule.

Board Remuneration

The board was remunerated with allowances as per the circular given by SRC in 2014.

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Board meetings

The board meets quarterly as per its regulations with an additional meeting when necessary. The board agendas are prepared early and adequate notice is given. The Main Board held- meetings as follows

	Name	No. of meetings
1.	Dr. Kanyingi S.W.	3/4
2.	Josphine Chege	4/4
3.	Dr. Kiarie Mungai	4/4
4.	Mr. Mutuota Ngugi	4/4
5.	Evalyne Gathieri	4/4
6.	Jane Kulet	4/4
7.	Archbishop Josam Kariuki	4/4
8.	Dr. Beatrice Mugure	4/4
9.	Samuel Mburu	1/4

Committees of the Board of Management

The board had 3 standing committees which met regularly under terms of reference set by the board and other guiding documents.

Finance and Audit sub committee

This committee is composed of 2 board members and a secretariat comprising , the hospital accountant, hospital administrator and the Medical Superintendent. This subcommittee met 4 times in the year.

Their mandate includes

- Receiving and considering quarterly budgets proposals
- Reviewing Quarterly financial statements
- Reviewing compliance with accounting standards
- Making their recommendations to the full board

Quality Health Committee

This committee is composed of 3 board members with a secretariat drawn from the hospital quality improvement team . These are 4 members but can co-opt other members depending on the subject matter of the day.

- The committee is responsible of;
- Review of professional standards, ethics, and complaints against the performance of the medical workers.
- Reviewing effectiveness of the systems of internal control that guarantees quality services
- Giving recommendations to the full board
- During the reporting period, the committee met four times and all members were present.

Resource mobilisation and infrastructure subcommittee

This committee comprises 4 board members and a secretariat comprising of; The procurement officer, Hospital public health officer, Hospital administrator and the medical superintendent. Other members are co opted depending on the subject matter.

The committee is responsible for;

- Get briefs on current and proposed activities related to infrastructure and assess progress of ongoing activities
- Help in search for solutions on infrastructure related challenges

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- Propose for onward transmission to the full board new ideas on infrastructure development
- Lobby for and mobilie for funds

9. Management Discussion and Analysis

Clinical/operational performance

Bed capacity of the hospital.

Overall patient attendance during the year for both inpatient and outpatient.

Accident and Emergency attendance

Specialised clinic attendance

Average length of stay for in patients.

Bed occupancy rate

Mortality rate

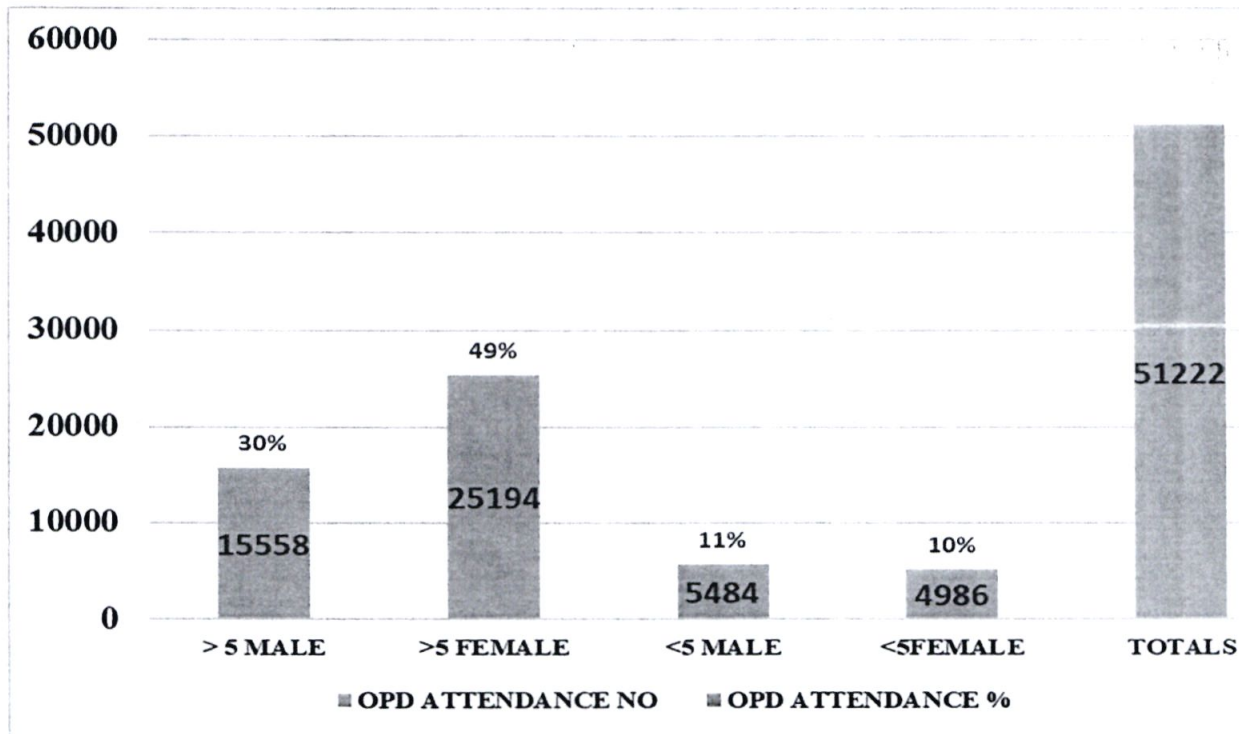
Surgical theatre utilisation (number of operations over a period of time)

Sponsorships and partnerships

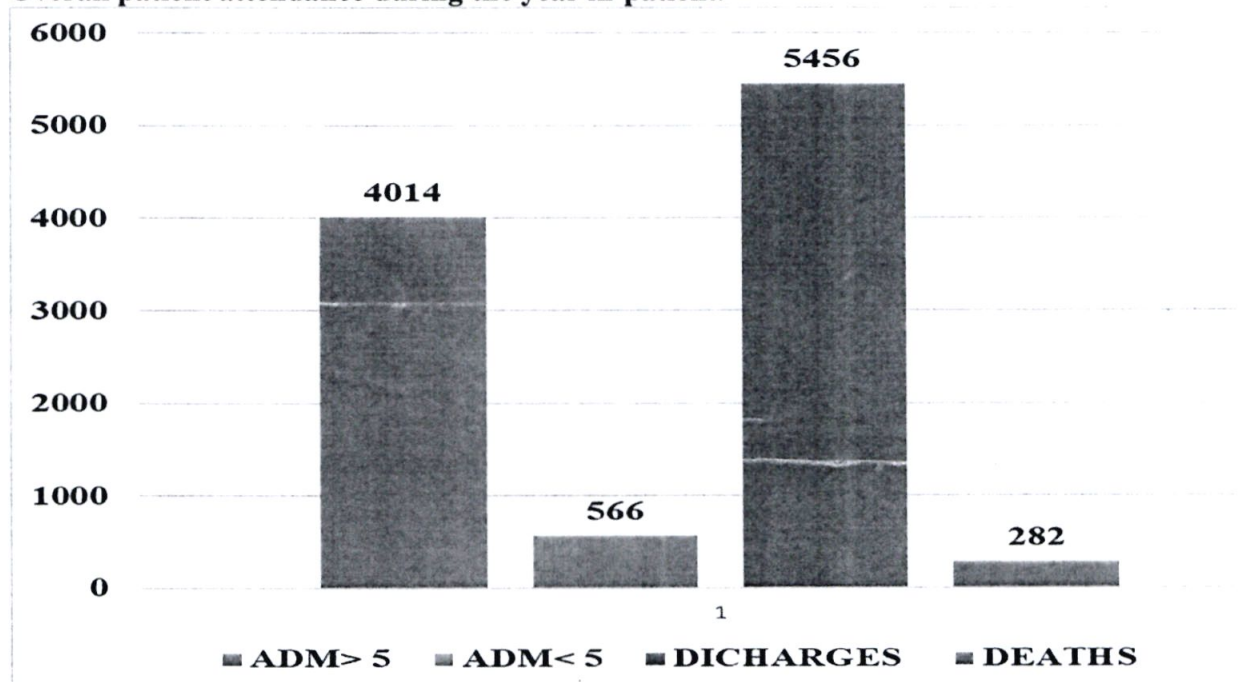
Bed capacity of the hospital.

WARD NAME	NUMBER OF BEDS	NUMBER OF COTS
WARD 1 (FEMALE)	32	0
WARD 2 (PAEDIATRIC)	29	9
WARD 3 (MALE)	32	0
MATERNITY	35	0
NEW BORN UNIT	0	7
ISOLATION	24	0
INTENSIVE CARE UNIT	5	0
TOTALS	157	16

Overall patient attendance during the year outpatient.

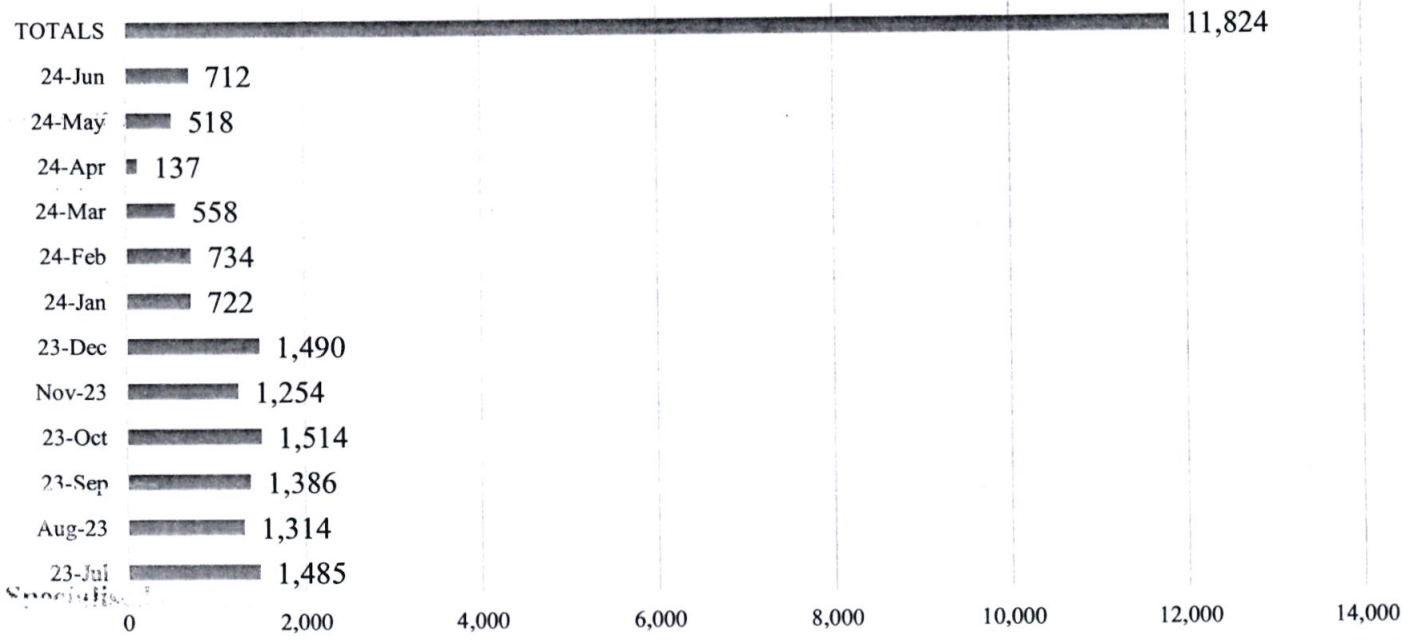


Overall patient attendance during the year in-patient.

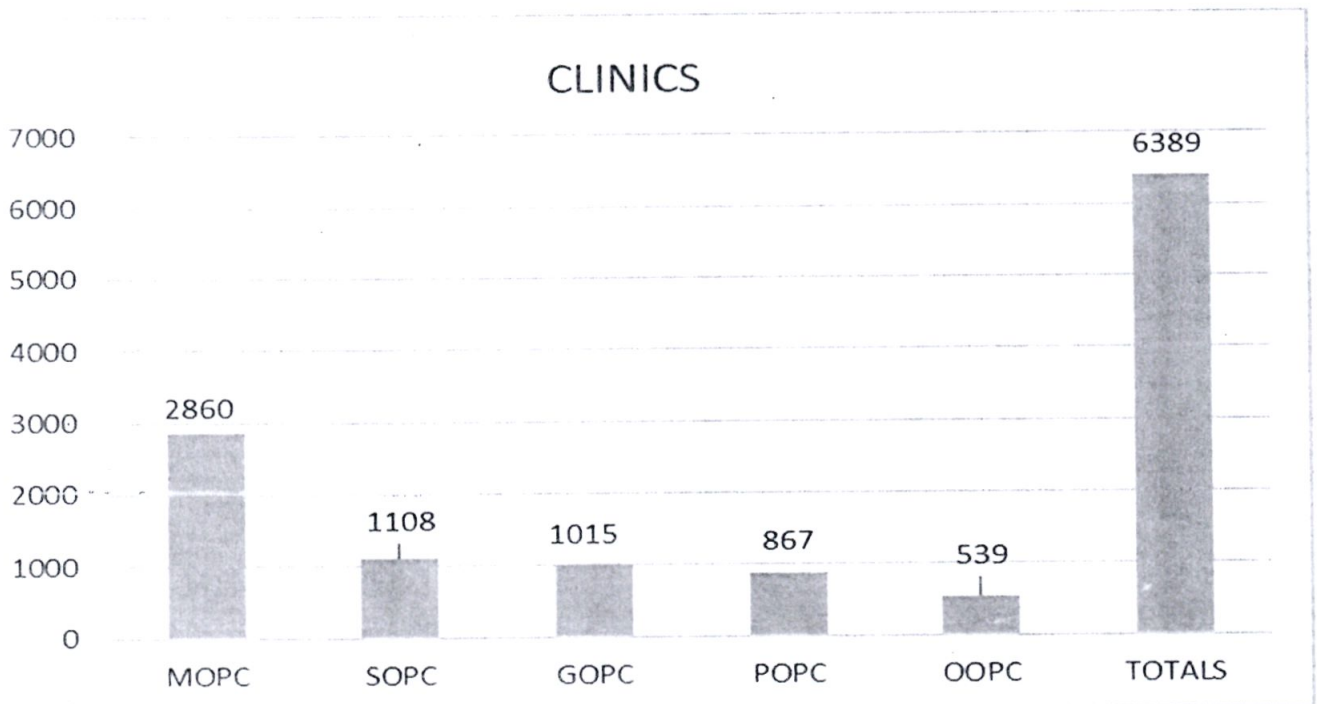


Accident and Emergency attendance

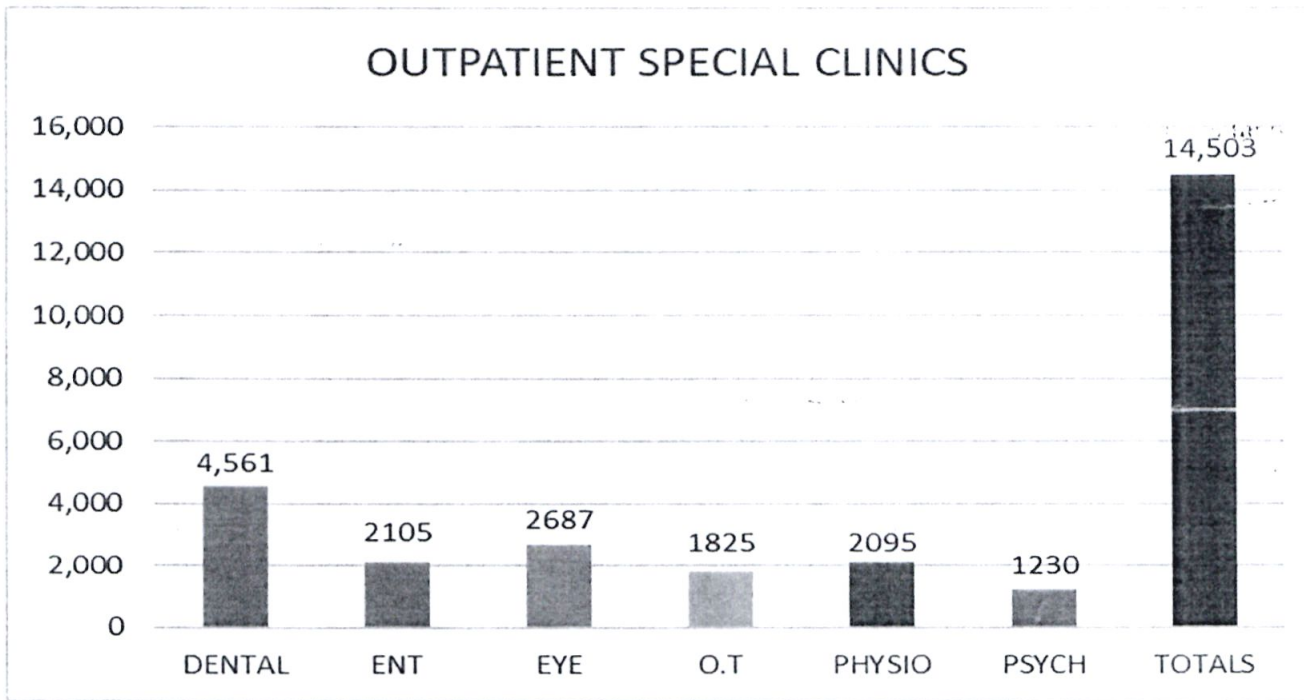
JM Kariuki Memorial County Referral Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024



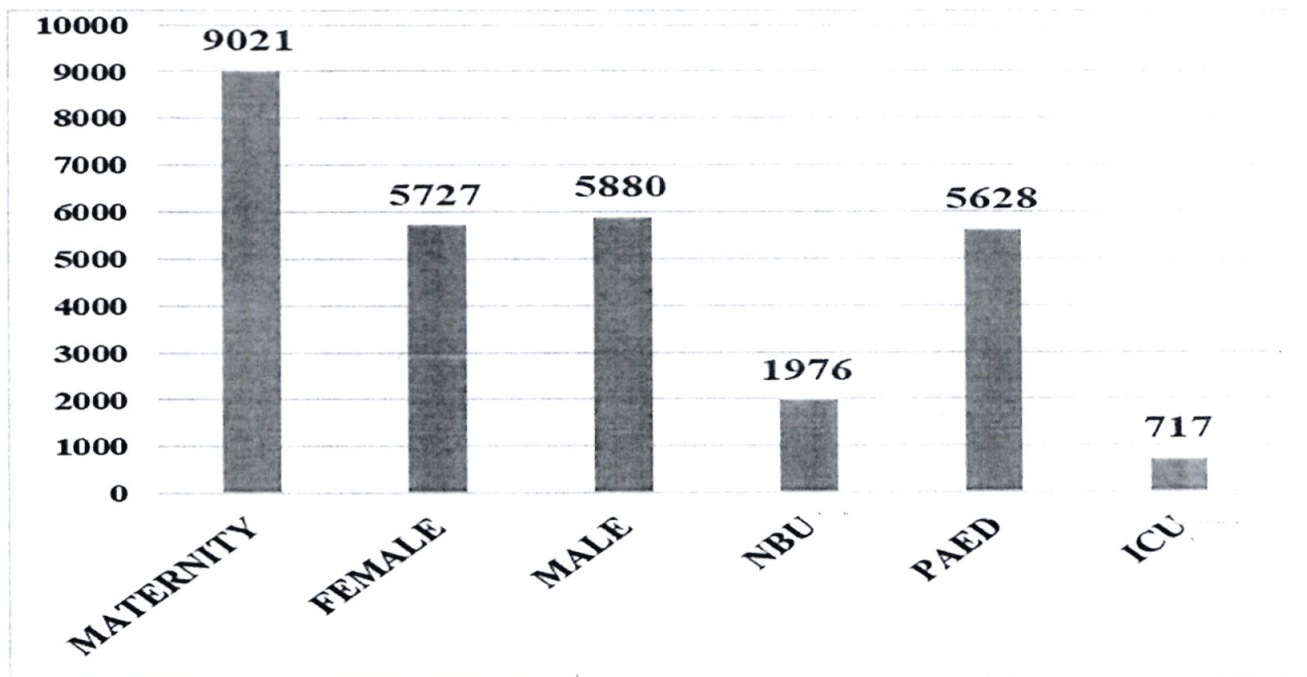
Specialised clinic attendance



Specialised clinic attendance cont...,

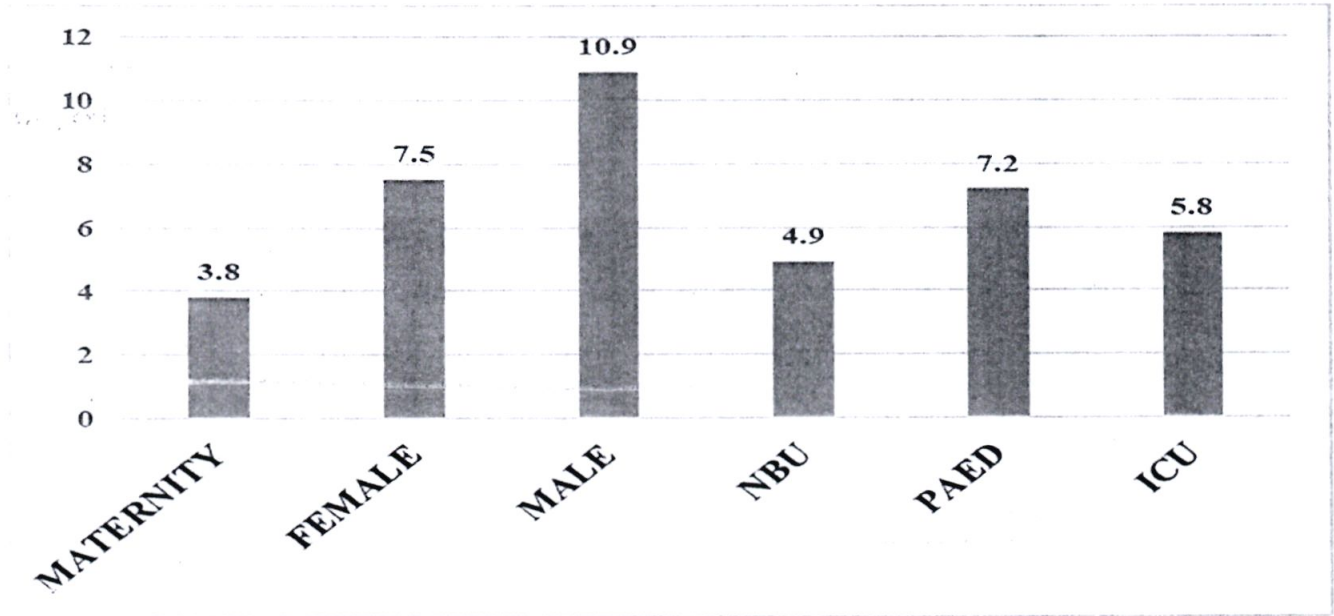


Bed occupancy rate

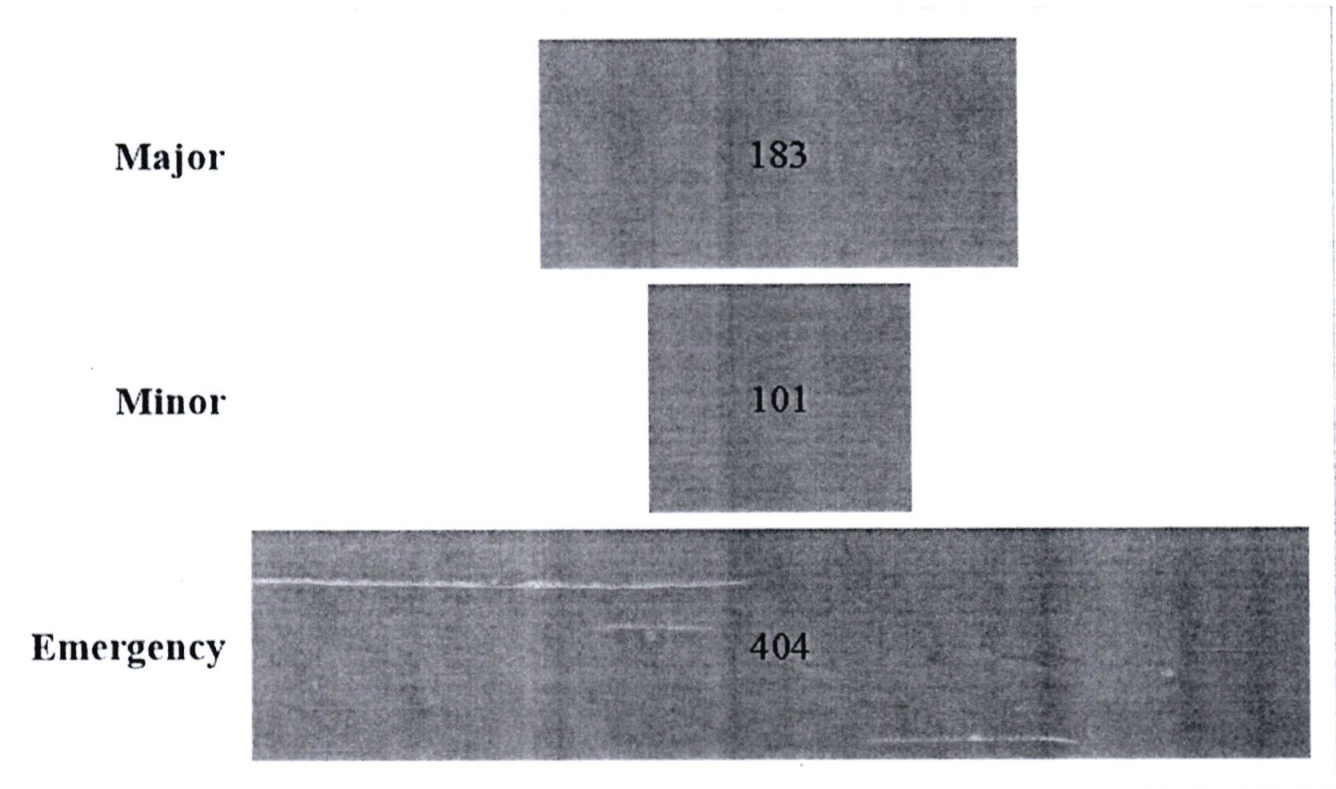


Average length of stay for in patient.

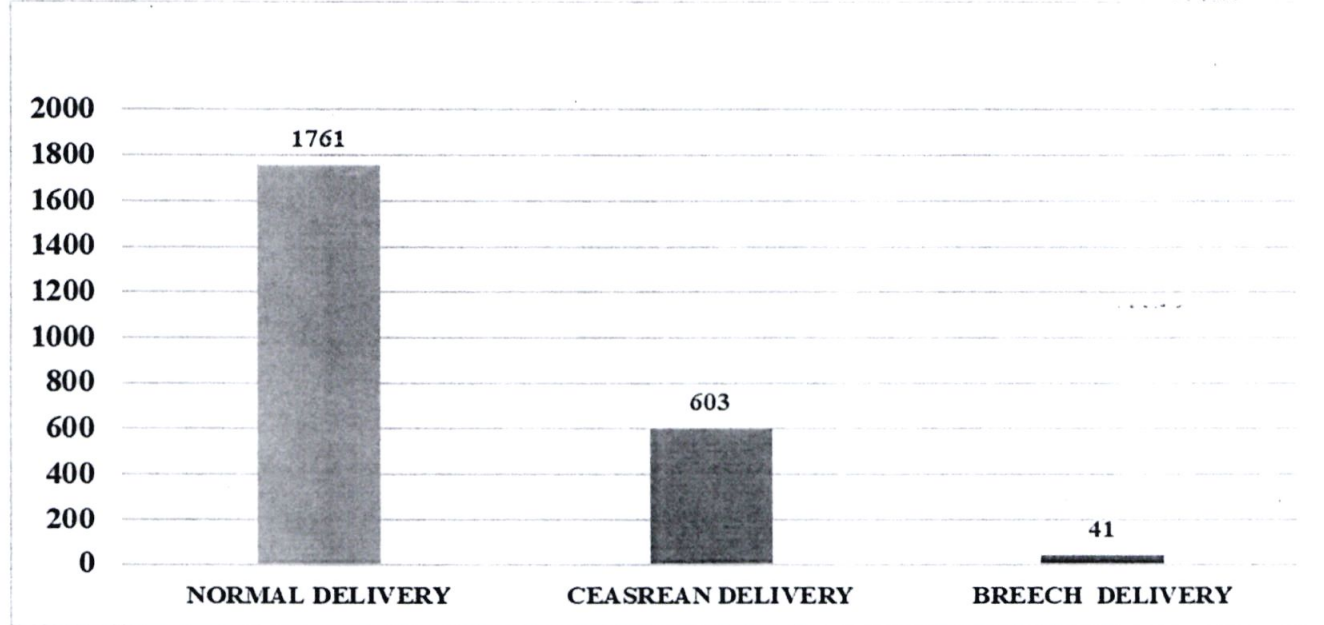
**JM Kariuki Memorial County Referral Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024**



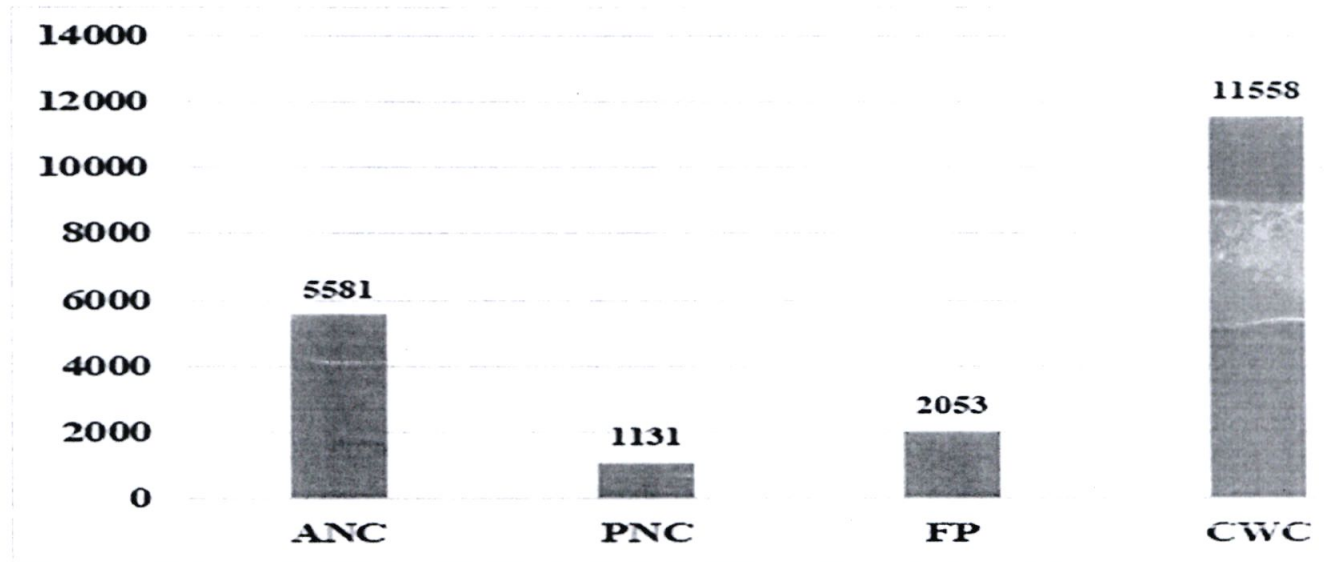
Surgical theatre utilisation (number of operations over a period of time)



Maternity



Mother child health



Financial performance that includes: -

Revenue sources,

Our revenue sources were mainly from fees charged to patients for services also reported as medical income. The total revenue for the year was Kshs 179,579,747, this being a rise of 36% compared to Kshs 131,653,673 collected in FY 2022/23. Cash collections amounted to Kshs 44,047,434 and income from insurance payers was Kshs 133,737,823 being from NHIF and Kshs 1,794,490 from MAKL

Utilisation of funds

Funds were budgeted for in a board approved annual budget and utilised upon issuance to incur expenditure from the Accounting Officer at the County department of health. Quarterly reports on expenditures were prepared and presented to the board and featured in the quarterly reports submitted to the Auditor General.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

To ensure that the organisation remains afloat and growing the hospital management is committed to ensure expansion of revenue streams while safeguarding the gains made thus far. We intend to optimise our insurance claims system while seeking out other payers including private health insurers. In the year under review , we engaged MAKL managing the teachers' and police schemes. We are now ready to take on more private insurers and will in earnest engage them. The hospital is also ready to adapt to the proposed change from NHIF to SHA and relevant officers will be sensitized and trained accordingly in due time.

ii) Environmental performance

We recognise our contribution towards potential environmental degradation from our practises. The heavy load of procedures and human presence directly implies that we generate substantial waste. Our large energy and water consumption is indicate to use the need to adopt more conservative measures. To this end, we continue to progressively adapt . In the year under review we undertook a pragmatic approach towards afforestation. For the first time since inception of the hospital, we planted over 4,000 trees and continue to grow them in the hospital land. We had hoped to instal rain water harvesting infrastructure but was budget limited. We shall pursue this in the coming year alongside pursuing conversion to solar for the borehole pump.

iii) Employee welfare

The hospital has 308 employees including those directly engaged by the hospital. In the year under review, the administration made an effort to let staff aware of their rights as enshrined in relevant laws and policies such as WIBA, OSHA. We also facilitated staff with professional progression through facilitating them attend conferences and also refunding them with

professional licences subscription. In the coming year, we intend to take a group cover for staff directly engaged by the hospital in line with the WIBA Act.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The hospital is a no- corruption zone. This is made known to our clients and stakeholders through communication as captured on our service charter and notices placed in strategic places in the hospital. With a population health-based approach, the hospital considers other health service providers in our market as collaborators more than competitors

b) Responsible Supply chain and supplier relations

In the year under report, the hospital maintained a cordial relationship with suppliers. Suppliers were mainly drawn from the prequalified list at the County level and also the hospital level

c) Responsible marketing and advertisement

The hospital informs the relevant stakeholders such as advertising for tenders and informing clients of services in an ethical manner in relevant print media and other channels such as social media.

d) Product stewardship

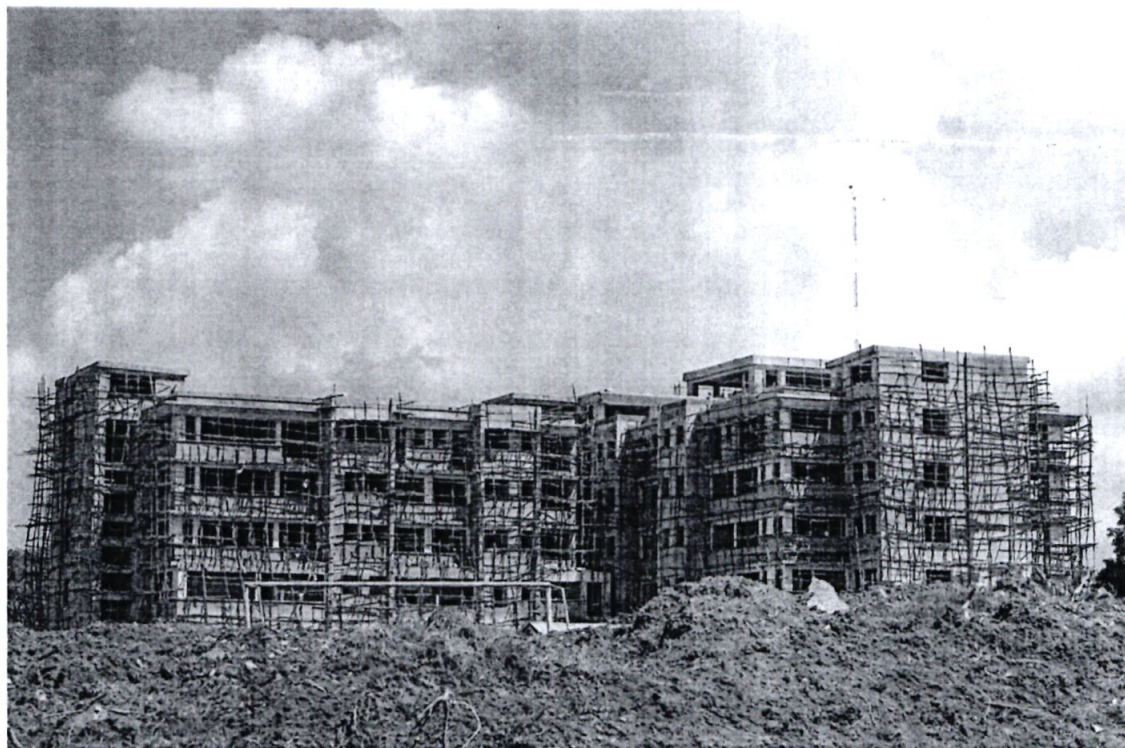
The hospital has strategically displayed a service charter to inform clients of available services. We also have the client rights strategically placed for reference. We operate a robust complaints and compliments handling mechanism both through written and verbal communication with our clients.

v) Corporate Social Responsibility / Community Engagements

In the year under review, the entity did minimal community engagement due to long period of industrial actions.

The Hospital in photos

A 500 bed capacity facility under construction named Mashujaa complex



Tree planting graced by the Cabinet secretary Tourism, Hon. Rebecca Miano and the Hospital Board Chairman, Dr. Kanyingi on 7th June 2024



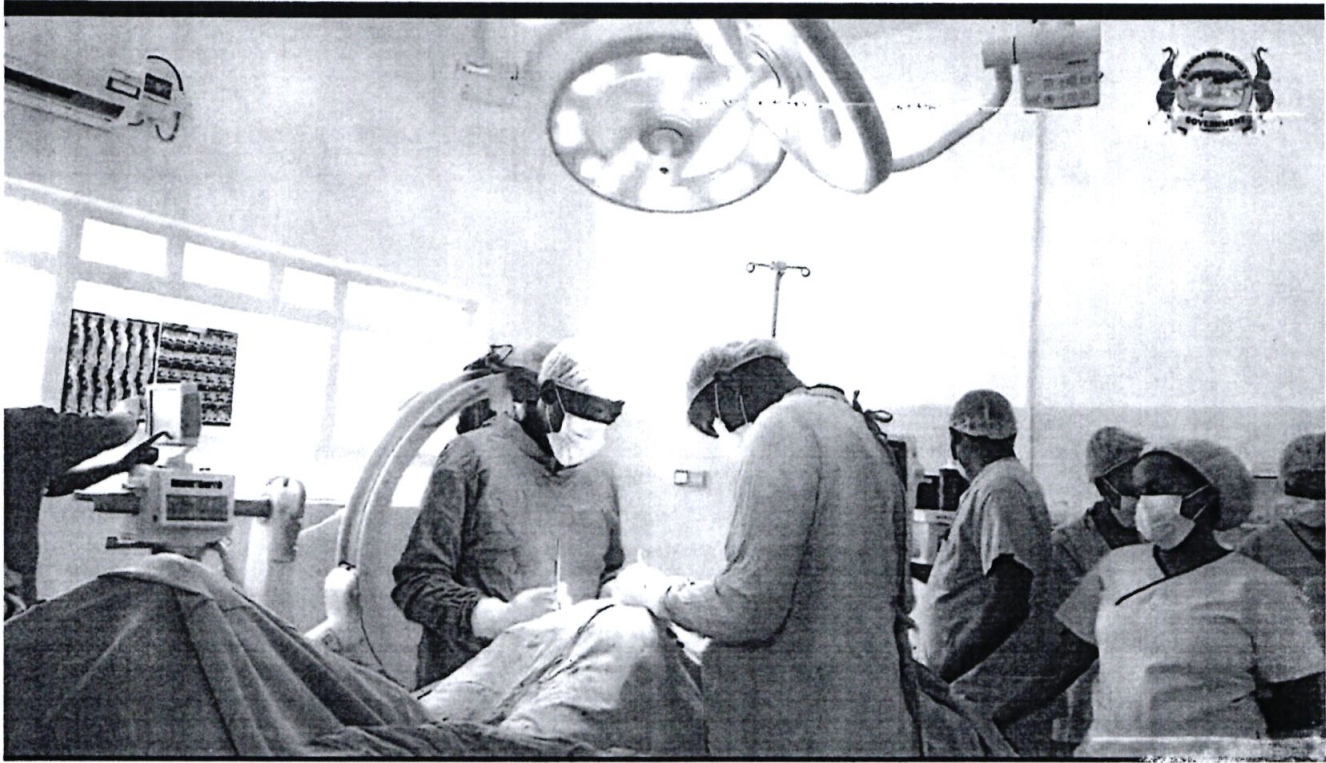
Hospital management organised tree planting on 17th April 2024 graced by the Nyandarua County, Chief Officer medical services , Charles Nderitu



National launch of tree growing day graced by the Nyandarua County CEC Water, Environment and Natural Resources, Engineer Samuel Mugo on 25th April 2024



Inaugural Spine surgery done at the hospital on 20th May 2024 led by Orthopaedic surgeon, Dr. Eric Ng'ang'a



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 to provide curative, preventive, rehabilitative and promotive health services. This is done under various departments.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 6.

Board of Management

The members of the Board who served during the year are shown on page vi to viii. During the year, 2024 director Josphine Chege the Board Vice chairperson died on 10th June 2024, and the process of having a replacement was ongoing by the close of the financial year.

Auditors

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

By Order of the Board

Dr. Beama Mugore

Name

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 JM Kariuki Memorial County Referral Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The board members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year 2023/24 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 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 hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of the hospital's transactions during the financial year ended June 30, 2024, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of management have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 27/09/2024 and signed on its behalf by:

Michael Ruiturua

Name:

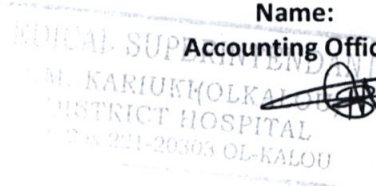
Chairperson
Board of Management

M Ruiturua

Dr. Bernard Muge

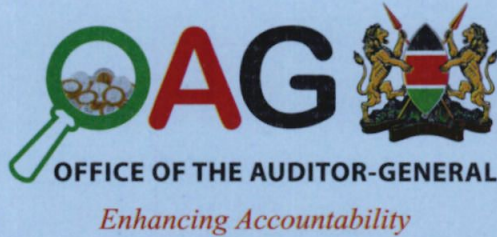
Name:

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 JM KARIUKI MEMORIAL COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF NYANDARUA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of JM Kariuki Memorial County Referral Hospital set out on pages 1 to 35, which comprise of the statement of financial

performance, statement of financial position as at 30 June, 2024 and the statement of change in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of JM Kariuki Memorial County Referral Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012, and the Health Act, 2017.

Basis for Qualified Opinion

1. Unsupported Employee Costs

The statement of financial performance for the year ended 30 June, 2024 reflects Kshs.366,662,180 being in-kind contributions from the County Government as reflected in Note 7 to the financial statements. The amount is made up of Kshs.337,257,010 being salaries and wages and Kshs.29,405,170 being pharmaceuticals and non-pharmaceutical supplies. However, the employee cost of Kshs.337,257,010 was not supported by monthly payrolls, list of staff deployed to the hospital and supporting schedules.

In the circumstances, the validity, accuracy and completeness of the employee amount of Kshs.337,257,010 could not be confirmed.

2. Unsupported Capital Fund Balance

The statement of comparison of budgets and actuals for the year ended 30 June, 2024 reflects an actual capital expenditure of Kshs.4,720,711. However, the amount was not supported with schedules and documents of the capital fund received and the analysis of capital expenditure incurred. Further, the figure was not reflected under the statement of financial position.

In the circumstances, the accuracy and completeness of the capital expenditure amount of Kshs.4,720,711 could not be confirmed.

3. Unsupported Inventory

The statement of financial position reflects inventories balance of Kshs.21,879,305 as disclosed in Note 19. However, the Hospital did not provide schedules and stock count report as at 30 June, 2024 to support and authenticate the balance. Further, review of the records provided for audit indicated that the hospital procured and received pharmaceuticals and non-pharmaceutical products including food supplies and recorded them on the stock control cards in the main store and drug store. However, there was no

segregation of duty such that, store keeper receives, issues and maintains the store cards. Store cards were not updated regularly.

In addition, the expired drugs were removed from the control card to the expired card register. Posting of expired drugs removed from the control cards to the register revealed discrepancies between the amount removed from the card and the amount entered in the register. No explanation was provided as to why the two records did not tally. The bin cards were not updated to reflect the stock received from 30 September, 2024 and stock issued out.

In the circumstances, the validity, accuracy and completeness of the inventories amount of Kshs.21,879,305 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the JM Kariuki Memorial County Referral 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

Conclusion

The Management is responsible for the Other Information set out on page iii to xl which comprise of Key Entity Information and Overall Performance, The Board of Management, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Activities, Environmental and Sustainability Reporting, and Statement of Directors Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Irregular Award of Contracts Reserved for the Disadvantaged Groups to Ineligible Suppliers Under Access to Government Procurement Opportunities (AGPO)

The report on Preference and Reservation Contracts Awards to Youth, Women and Persons with Disability (PWD) for the period July, 2023 to June, 2024 indicated that out of a procurement budget of Kshs.76,563,695, Kshs.22,969,108 was reserved for the disadvantaged groups. Analysis of the report revealed that, 11 Contracts worth Kshs.10,210,236 was awarded to the marginalized groups forming 13% against the 30% that is required by law. Further out of the awarded contracts to the marginalized groups worth Kshs.10,210,236 five (5) contracts worth Kshs.4,932,310 was awarded to suppliers whose registration could not be confirmed. This further dropped the percentage of contracts awarded to valid AGPO suppliers to 6% only. The award of contracts to ineligible suppliers/contractors robbed less privileged groups an opportunity to do business with the Hospital.

In the circumstances, Management did not adhere to procurement guidelines.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of a Fraud Management Policy

The Hospital did not have in place a fraud management policy during the year under review to assist in detecting and preventing fraud. This was contrary to Regulation 158(1) of the County Government Regulations, 2015, which states that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism.

In the absence of a fraud management policy, the Management may not be able to identify individual frauds, likelihood of occurrence of frauds and the appropriate control measures to be implemented.

2. Lack of Risk Management Policy

During the year under review, the Hospital did not have a risk management policy or strategy in place to mitigate operational, legal and financial risks. Also, the Management did not have in place a disaster recovery plan. This was contrary to Regulation 158 of the Public Finance Management (County Government), Regulations 2015.

In the absence of a risk management policy, the effectiveness and management of risks and mitigating measures could not be confirmed.

3. Incomplete Asset Register

The assets register provided for audit was just a listing of assets. Details such as the date/year of purchase, historical cost, categories of assets and additions during the year were not indicated as required. Further, the asset register had not been updated.

In the circumstances, the effectiveness of the asset management system in place could not be confirmed.

4. Lack of an Internal Audit Function

Interviews conducted with the Management of the Hospital confirmed non- existence of an internal audit function that is required to check the financial records of the entity and issue reports regularly. While it was indicated that the Hospital depended on the internal audit staff from the County Executive, the Management did not provide internal audit reports posing doubt on the active and regular checks on the internal controls at the Hospital.

In the circumstances, the effectiveness of the internal controls system in place could not be confirmed.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards Cash Basis and for

maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 January, 2025

**JM Kariuki Memorial County Referral Hospital (Nyandarua 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 FY	2022/23 FY
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	12,500,000
In-kind contributions from the County Government	7	366,662,180	324,834,048
Grants from donors and development partners	8	-	538,874
		366,662,180	337,872,922
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	179,579,747	131,653,673
Revenue from exchange transactions		179,579,747	131,653,673
Total revenue		546,241,927	469,526,595
Expenses			
Medical/Clinical costs	10	96,530,701	81,949,425
Employee costs	11	353,378,348	324,535,780
Board of Management Expenses	12	746,000	213,000
Depreciation and amortisation expense	13	2,255,715	-
Repairs and maintenance	14	9,995,978	17,862,835
General expenses	15	29,127,362	27,529,420
Total expenses		492,034,104	452,090,459
Net Surplus for the year		54,207,823	17,436,136

The notes set out on pages 18 to 29 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 27/09/2024 and signed on its behalf by:

Miriam Puriuwa

for Chairman

Board of Management

Miriam Puriuwa

Dr. Beama Muge

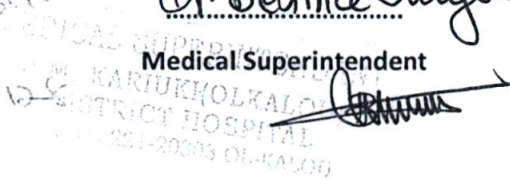
Head of Finance

ICPAK No: 26128

Dr. Beama Muge

Dr. Beama Muge

Medical Superintendent



JM Kariuki Memorial County Referral Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Financial Statements

Statement of Financial Position As At 30th June 2024

Description	Note	2023/24 FY	2022/23 FY
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	19,431,886	16,296,959
Receivables from exchange transactions	18	141,783,175	25,153,305
Inventories	19	21,879,305	45,689,124
Total Current Assets		183,094,366	87,139,388
Non-current assets			
Property, plant, and equipment	20	14,740,010	12,125,314
Intangible assets	21	850,000	1,000,000
Total Non-current Assets		15,590,010	13,125,314
Total assets (A)		198,684,375	100,264,702
Liabilities			
Current liabilities			
Trade and other payables	22	53,204,035	8,461,327
Total Current Liabilities		53,204,035	8,461,327
Total Liabilities (B)		53,204,035	8,461,327
Net assets (A-B)		53,797,750	100,264,702
Represented by:			
Revaluation reserve			
Accumulated surplus		145,476,040	100,264,702
Capital Fund			
Net Assets		145,476,040	100,264,702

The notes set out on pages 18 to 29 form an integral part of the Annual Financial Statements.

JM Kariuki Memorial County Referral Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

The Hospital's financial statements were approved by the Board on 27/09/2024 and signed on its behalf by:

Michael Buiturwa
.....
For Chairman
Board of Management
M Buiturwa

CPA Anne Mbatia
.....
Head of Finance
ICPAK No: 2628
[Signature]

Dr. Beamai Mugure
.....
Medical Superintendent
[Signature]
MEDICAL SUPERINTENDENT
J.M. KARIUKI (HOLKALOU)
DISTRICT HOSPITAL
Box 221-29303 OLKALOU

***JM Kariuki Memorial County Referral Hospital (Nyandarua County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024***

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	-	4,544,050	-	4,544,050
Revaluation gain	-	-	-	-
Surplus for the year	-	17,816,793	-	17,816,793
Capital/Development grants	-	-	-	-
As at June 30, 2023	-	21,980,186	-	21,980,186
At July 1, 2023	-	21,980,186	-	21,980,186
Revaluation gain	-	-	-	-
Surplus for the year	-	54,207,823	-	54,207,823
Capital/Development grants	-	-	-	-
At June 30, 2024	-	76,188,009	-	76,188,009

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

Description	Note	2023/24 FY	2022/23 FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	12,500,000
Grants from donors and development partners		-	538,874
Rendering of services- Medical Service Income		179,002,832	131,653,673
Total Receipts		179,002,832	144,692,547
Payments			
Medical/Clinical costs		40,707,642	67,395,357
Employee costs		11,824,165	14,255,800
Board of Management Expenses		746,000	213,00
Repairs and maintenance		6,613,173	17,862,834
General expenses		19,909,081	27,077,763
Transfer to CRF		92,773,993	-
Total Payments		172,574,054	126,804,754
Net cash flows from operating activities	23	6,428,778	17,887,793
Cash flows from investing activities			
Purchase of property, plant, equipment		3,293,851	3,366,940
Net cash flows used in investing activities		3,293,851	3,366,940
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		3,134,927	14,520,853
Cash and cash equivalents as at 1 July 2023	16	16,296,959	1,776,106
Cash and cash equivalents as at 30 June 2024	16	19,431,886	16,296,959

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

Description	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%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-		-	-		0%
In kind Contribution from County Government	366,662,180	-	366,662,180	366,662,180	-	100%
Grants from donors and development partners	-	-	-	-	-	0%
Rendering of services- Medical Service Income	178,526,891	-	178,526,891	179,579,747	(1,052,856)	100%
Total income	545,189,071	-	545,189,071	546,241,927	(1,052,856)	100%
Expenses						
Medical/Clinical costs	122,995,323	-	122,995,323	96,530,701	26,464,622	78%
Employee costs	355,659,076	-	355,659,076	353,378,348	2,280,728	99%
Board of Management Expenses	1,200,000	-	1,200,000	746,000	454,000	62%
Repairs and maintenance	10,622,359	-	10,622,359	9,995,978	626,381	94%
General expenses	41,426,590	-	41,426,590	29,127,362	12,299,228	70%
Surplus for the period	13,285,723	-	13,285,723	56,463,530	(56,463,530)	90%
Capital expenditure	13,285,723	-	13,285,723	4,720,411	8,565,312	36%

The actual was less than 90% of the budgeted amount. This is due to activities we did not undertake because they were not deemed urgent. We were therefore waiting for actual money in the account to initiate the expenditure.

19. Notes to the Financial Statements

1. General Information

JM Kariuki Memorial County Referral Hospital is established by and derives its authority and accountability from Public Finance Act. The entity is wholly owned by the Nyandarua County Government and is domiciled in Nyandarua County in Kenya. The entity's principal activity is offering health care services and provide training for health professions.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. The accounting policies have been applied. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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.

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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	<i>Applicable 1st January 2025</i> The hospital did not have leases, hence the standard does not apply.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The hospital does not have assets held for sale and therefore standard does not apply
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> The hospital recognises revenue in the period its earned.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year ended 30th June 2024

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

The hospital did not receive fund transfer from other government entities therefore it was not reported.

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 the cost that reflects service performed. 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.

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY ended June 30, 2024 was approved by the Board on 21st July 2023. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities. 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. 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 not been done.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. 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.

e. 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.

f. 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

Notes to the Financial Statements (Continued)

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 cash flows 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.

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

Notes to the Financial Statements (Continued)

estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Financial liabilities

Classification

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

g. 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.

Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the hospital.

h. Provisions

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

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

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

Notes to the Financial Statements (Continued)

i. 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.

j. 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.

k. 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.

l. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

m. 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.

n. Related parties

The hospital 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 the Hospital Management Team and the Hospital Board Members are regarded as related parties.

o. 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.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Cooperative Bank and Kenya Commercial Bank 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 which were not surrendered or accounted for at the end of the financial year.

Notes to the Financial Statements (Continued)

q. Comparative figures

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

r. 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.

Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Notes to the Financial Statements (Continued)

Useful lives and residual values

The 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.

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Notes to Financial Statements Continued

6 Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Nyandarua County Government	-	-	-	-	12,500,000
Total	-	-	-	-	12,500,000

7. In Kind Contributions from The County Government

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Salaries and wages	337,257,010	310,279,980
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	29,405,170	14,554,068
Total grants in kind	366,662,180	324,834,048

In Kind contributions from the County Government were in form of salaries and allowances paid to staff working in the hospital amounting to Ksh 337,257,010. The amount Ksh 29,405,170 was for Pharmaceuticals and Non-Pharmaceuticals items supplied to the hospital by the County Government.

8. Grants From Donors and Development Partners

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Hospice Care Kenya	-	538,874
World Bank grants	-	5,449,000
Total grants from development partners	-	5,987,874

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Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Pharmaceuticals	5,212,334	5,646,255
Eye Services	253,500	500,750
Laboratory Services	6,272,700	10,174,450
Radiology	6,651,150	10,348,600
Orthopedic and Trauma Technology	390,200	643,230
Theatre	757,320	1,336,500
In-Patient Services	10,171,795	9,576,911
ICU Service	3,004,920	2,220,640
Ear Nose and Throat service	77,500	69,150
Nutrition service	55,510	119,800
Medical Records	4,129,460	5,172,850
Dental services	710,300	940,800
Reproductive health	177,150	185,920
Occupational & Physio Therapy	277,850	205,700
Farewell home services	2,783,800	2,879,000
Out - Patient Services	2,070,220	1,392,620
Referral Services	631,480	556,800
Rent	52,945	41,300
Renal Services	130,000	401,900
Cancer Centre Services	33,900	3,500
Clinical Psychology	76,200	-
Disability Assessment	127,200	-
NHIF	133,737,823	79,236,997
MAKL	1,794,490	-
Total revenue from the rendering of services	179,579,747	131,653,673

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Notes to the Financial Statements (Continued)

10. Medical/ Clinical Costs

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Laboratory chemicals and reagents	7,368,880	7,401,809
Food and Ration	13,819,140	13,330,920
Uniform, clothing, and linen	364,640	325,000
Dressing and Non-Pharmaceuticals	10,828,003	26,273,819
Pharmaceutical supplies	14,615,124	10,170,903
Pharmaceutical and Non-Pharmaceutical Supplies from County	29,405,170	14,554,068
Health information stationery	4,387,818	4,039,965
Sanitary and cleansing Materials	2,402,956	2,262,030
Purchase of Medical gases	664,600	18,000
X-Ray/Radiology supplies	3,947,870	3,572,911
Purchase of Workshop Tools	250,000	-
Specialised Materials	8,476,500	-
Total medical/ clinical costs	96,530,701	81,949,425

Pharmaceuticals and Non-Pharmaceuticals Supplies from County was in kind receipt from the Nyandarua County Government

11. Employee Costs

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Salaries, wages, and allowances	337,257,010	310,279,980
Casual Wages	16,121,338	14,255,800
Employee costs	353,378,348	324,535,780

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Notes to the Financial Statements (Continued)

12. Board of Management Expenses

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Sitting allowance	746,000	213,000
Total	746,000	213,000

13. Depreciation and Amortization Expense

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Property, plant and equipment	2,105,715	-
Intangible assets	150,000	-
Total depreciation and amortization	2,255,715	-

14. Repairs And Maintenance

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Medical equipment	1,738,454	962,860
Computers and accessories	2,447,544	34,220
Motor vehicle expenses	1,089,370	1,751,327
Maintenance of civil works	4,720,610	15,114,428
Total repairs and maintenance	9,995,978	17,862,835

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Notes to the Financial Statements (Continued)

15. General Expenses

Description	2023/24 FY	2022/23 FY
	Kshs	Kshs
Advertising and publicity expenses	173,920	-
Catering expenses	1,221,145	1,229,355
Bank charges	20,433	22,600
Training & Conferences	-	1,065,000
Contracted services	3,826,800	3,655,800
Electricity expenses	9,723,107	9,659,429
Travel and accommodation allowance	3,445,940	3,131,730
Refined Fuel and Lubricants	5,800,000	5,800,000
Other Fuels(Charcoal, Firewood & Cooking Gas)	1,860,542	1,251,570
Courier and postal services	11,610	-
Printing and stationery	2,738,365	454,000
Water and sewerage costs	50,500	229,000
Telephone and mobile phone services	255,000	552,760
Subscriptions to professional bodies	-	478,176
Total General Expenses	29,127,362	27,529,420

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Notes to the Financial Statements (Continued)

16. Cash And Cash Equivalents

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Current accounts	19,398,262	16,253,085
Revenue Account	11,744	13,874
Cash in hand	21,880	30,000
Total cash and cash equivalents	19,431,886	16,296,959

17. Detailed Analysis of Cash and Cash Equivalents

Description		2023/24 FY	2022/23 FY
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial Bank	1173845631	11,744	13,874
Cooperative Bank	01141467546000	19,398,262	16,253,085
Sub- total		19,410,006	16,266,959
cash in hand		21,880	30,000
Sub- total		21,880	30,000
Grand total		19,431,886	16,296,959

18. Receivables From Exchange Transactions

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Medical services receivables (NHIF)	48,998,975	25,153,305
Medical services receivables (MAKL)	1,101,610	-
Outstanding Transfer from County Government	91,682,590	-
Total receivables	141,783,175	25,153,305

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Analysis of Receivables From Exchange Transactions

Description	2023/24 FY		2022/23 FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	141,778,875	100%	25,153,305	100%
Total	141,778,875	100%	25,153,305	100%

19. Inventories

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Pharmaceutical supplies	5,913,036	7,935,310
Dressing & Non-Pharmaceuticals	3,829,861	27,105,851
Laboratory Chemicals & Reagents	1,389,960	2,105,851
X-Ray Materials	1,715,974	2,245,520
Maintenance supplies	1,231,950	160,840
Food supplies	442,018	321,400
Linen and clothing supplies	5,915,500	3,787,880
Cleaning materials supplies	108,180	382,470
General supplies	1,332,826	1,644,645
Total	21,879,305	45,689,124

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022	-	-	-	592,960	-	3,716,414	-	4,309,374
Additions	-	-	-	803,000	5,551,940	1,461,000	-	7,815,940
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	1,395,960	5,551,940	5,177,414	-	12,125,314
At 1 July 2023	-	-	-	1,395,960	5,551,940	5,177,414	-	12,125,314
Additions	-	-	-	-	540,671	4,179,740	-	4,720,411
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	1,395,960	6,092,611	9,357,154	-	16,845,725
Depreciation and impairment								
At 1 July 2022	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-
At 1 July 2023	-	-	-	174,495	761,576	1,169,644	-	2,105,715

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation	-	-	-	174,495	761,576	1,169,644	-	2,105,715
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2024	-	-	-	1,221,465	5,331,035	8,187,510	-	14,740,010
Net book values	-	-	-	-	-	-	-	-
At 30 th Jun 2023	-	-	-	1,395,960	5,551,940	5,177,414	-	12,125,314
At 30 th Jun 2024	-	-	-	1,221,465	5,331,035	8,187,510	-	14,740,010

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Notes to the Financial Statements (Continued)

21. Intangible Assets-Software

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Cost		
At beginning of the year	1,000,000	-
Additions	-	1,000,000
At end of the year	1,000,000	1,000,000
Amortization and impairment		
At beginning of the year		-
Amortization for the period	150,000	-
At end of the year	150,000	-
NBV	850,000	1,000,000

22. Trade and other Payables

Description	2023/24 FY		2022/23 FY	
	KShs		KShs	
Trade payables	53,204,035		8,461,327	
Total trade and other payables	53,204,035		8,461,327	
Ageing analysis:	2023/24 FY	% of the Total	2022/23 FY	% of the total
Under one year	53,204,03	100%	8,461,327	100%
Total	53,204,035	100%	8,461,327	%

Notes to the Financial Statements (Continued)

23. Cash Generated from Operations

Description	2023/24 FY	2022/23 FY
	KShs	KShs
Surplus for the year before tax	54,207,823	17,436,136
Adjusted for:		
Depreciation and amortisation	2,255,715	-
Working Capital adjustments		
Increase in inventory	23,809,819	-
Increase in receivables	(116,625,570)	-
Increase in payables	44,742,708	-
Net cash flow from operating activities	8,390,495	17,436,136

24. 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.

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.

(ii) Liquidity risk management

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

Notes to the Financial Statements (Continued)

25. 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.

Nyandarua 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 County Government;
- iii) Board of Members;
- iv) Key Management

26. Events after the Reporting Period

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

27. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported employee costs	We sought a certified report from the centralized County payroll for the year under report	Resolved	
2.	Unconfirmed inventories balance	For the year under review, we undertook physical stock taking at the end of the year. This was done by an appointed team led by the supply chain management officer. Going forward, we plan to instal an inventory management software in the stores to ease the process of such tasks	Unresolved	December 2024
3.	Unsupported capital fund	We realize that we gave erroneously classified a component of net assets as capital fund. We did not receive any money for capital fund from the County or other source nor did we allocate any money from the cash flow towards a capital project. Upon	Resolved	

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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)
		consultation, we realize that this should have been reported as net surplus. In this FY, this has not been reflected as such		
4.	Unsupported property, plant and equipment balance	Appointed a committee led by the hospital supply chain officer to have all PPE within the hospital valued. He is working closely with the County valuer. We had a valuation of assets including land which were devolved done by the state department of physical planning early in the year and are awaiting the official report in order to update our asset register.	Not resolved	December 2024
1.	Deficiencies in implementation of UHC	We have made requests to the Chief officer responsible for hospitals for additional specialists as expected for a level 4 hospital. There is ongoing construction of a 500 bed inpatient facility that will allow us accommodate more equipment as expected.	Unresolved	Upon deployment of requisite staff
2.	Lack of quarterly revenue reports	We got communication late that we ought to have been submitting quarterly reports. We have since complied	Resolved	

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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)
		and for FY 2022/23, we submitted quarterly reports timely		
3.	Irregular engagement of casual workers	<p>We engage staff on contract basis. These are contract staff paid per the gazetted minimum wage and include drivers, housekeepers, clerks and secretaries. This is necessitated by absence of such staff employed by the County Public Service Board and deployed to the hospital.</p> <p>The hospital has not reached an autonomous status to engage staff directly neither do we have delegated authority to do so by CPSB.</p> <p>We however engage staff for 3 months' contracts renewable upon reapplication and consideration.</p> <p>The nature of the tasks these staff engage in are too sensitive involve intensive on job capacity building and for continuity it is necessary that we keep them possibly for years cumulatively.</p>	Not resolved	Dependent on if/when the entity gets autonomy to engage staff on permanent and pensionable basis
4.	Failure to	The entity has a list of	Unresolved	December

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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)
	disclose unserviceable assets	unserviceable assets accumulated over the years. We mainly use these to get spare parts and also recycle as we do repairs. Going forward, we will maintain a register of unserviceable assets before storing in a holding area pending disposal or recycle.		2024.
1.	Expiry of medical supplies	We have expired medical supplies accumulated over the years. This has been due to lack of NEMA/PPB approved disposal facility within the County. We'll work closely with the County Health Office to identify such a supplier, budget for it and dispose the expired commodities. Meanwhile we have separated the expired items from usable supplies and have a record of the same.	Unresolved	December 2025
2.	Stock outs of essential medical supplies	Allocated to Hospital pharmacist to do a monthly report on a stocking status of essential medicines as per the KEML. Funds allowing, we will progressively improve on availability	Not resolved	December 2025

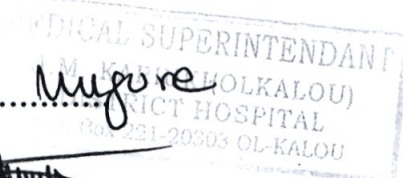
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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Dr. Beatrice
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Accounting Officer





Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

The hospital did not receive funding from any donor or County Government to implement a project during the financial year.

There is an ongoing construction of a 500-bed capacity structure within the hospital. This is being done from the office of the Chief Officer at the Department of Health and the hospital is not involved at all. We anticipate to be handed over a completed project once it's done.